MICHAEL STRAIGHT, JACK ANDERSON, HARVARD MEDICAL SCHOOL, THE NEW YORK REVIEW AND THE WASHINGTON MONTHLY

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Letters

The Anderson Letters

I appreciate the admiration you expressed for me in your July-August issue ["Jack Anderson and the Eagleton Case," Brit Hume].

It is because I also admire *The Washington Monthly* that I didn't bother to correct an item that you have now repeated. Twice you have reported that I had "an arrangement" with the late J. Edgar Hoover to "write only 'nice things' about the FBI director in exchange for access to the Bureau's files."

At no time did I ever have any such arrangement. It is true that I had access to the Bureau's files for a period while Drew Pearson was running the column. I don't know what arrangement, if any, he made with the late FBI director. An index of his columns will show that Drew was critical of J. Edgar Hoover on a number of occasions.

Within four months after Drew died, I conducted a major investigation of Hoover. This was the first major expose of J. Edgar Hoover who, up to then, had been one of Washington's sacred cows. Thereafter, Time, Life, Newsweek and other publications followed up with critical stories.

JACK ANDERSON
Washington, D.C.

The editor replies:

Compared to the other responses to our "moral myopia" series, this letter was especially sane and gracious. We would have been happy to acknowledge error, but here is the result of a query to our source.

I think we all have great admiration for Jack Anderson which is one reason why I was shocked at his open admittance of an arrangement with J. Edgar Hoover.

As I recall the evening of the Smithsonian Associates panel discussion in December, Drew Pearson was not mentioned as the drafter of the "deal," and I think we can call it that, with Hoover. But whether Pearson started it and Anderson carried it on or Anderson started it himself doesn't seem to me to make much difference.

Neither did it strike me as important then nor does it now that, as Anderson says in his recent letter to you, he became the first to do a major expose of Hoover. The point is, as he also says in his letter, he at one time "had access to the Bureau's files."

If you are concerned about that point, you might check on my memory of Anderson's statement by talking with Jack Nelson at the L. A. Times. Unfortunately, I no longer have my written notes but I vividly recall how outraged Nelson was when Anderson spoke of this.

I wish I could tell you more that might help you. All I can say is that I stand firmly by my story.

I might also add two peripheral but interesting points:

For one, I had a good deal of mail on that story, much of it from people who actually attended the panel discussion. Several letters asked why I did not lead with, or at least better accentuate, Anderson's statement about the Hoover arrangement. Another, from a man in Alexandria, criticized me for not mentioning the business about Anderson's later breaking with Hoover and the Bureau but, interestingly, did not refute my statements about the deal in the first place.

Secondly, I wonder why Mr. Anderson did not contact me or The Star back when the story first appeared, if he thought it incorrect.

MARY ANNE DOLAN
Washington, D.C.

Mary Anne Dolan is a staff writer for the Washington Star-News.

The editor continues:

We then sent the Dolan and Anderson letters to Jack Nelson.

My recollection of what Jack Anderson said at the investigative reporters seminar sponsored by the Smithsonian associates is pretty much the same as Mary Anne Dolan's.

As I remember it, Anderson said that he wrote articles that were favorable to J. Edgar Hoover and the FBI and was able to have access to some of the FBI's confidential files while he was writing such articles. He said that once he began writing articles that were unfavorable or reflected adversely on Hoover and the FBI he was denied access to those records.

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As Mary Anne Dolan reported in the *Star*, I was somewhat appalled by what Anderson said because I thought it involved a quid pro quo.

I said at the time that I had never written information favorable to anyone or any organization in return for information and that I never would.

JACK NELSON
Washington, D.C.

Jack Nelson is on the staff of the Washington bureau of The Los Angeles Times.

More 'Moral Myopia'

I note you are running a series of articles on "moral myopia." May I call your attention to an example on page 32 of your July-August issue, in which you comment on Michael Straight's renting his house in Virginia to Leonard Garment of the White House staff for $275 a month. "Had a less wealthy government official showered his boss with such largesse," you write, "it would be a major scandal."

It is of little importance that Mr. Garment is not Mr. Straight's "boss." (As deputy chairman of the National Endowment of the Arts, Mr. Straight's boss is the chairwoman, Nancy Hanks). Nor does it much matter whether the rental figure is $275 or $2. What matters is that you twisted Michael Straight's generosity to an old friend into something like the buying of influence at the White House by a rich man. That interpretation demeans Mr. Garment, of course, and he is one of the few decent men near the President. But it is your malicious inference concerning Mr. Straight that I find most objectionable.

Michael Straight does not need to make money on a house in Virginia which he has not occupied for years. I hope you do not think he should be criticized for that. If it is not that, then he must be a "culprit" (your word) because the friend from whom he does not choose to profit (Mr. Garment) works in the White House. That conclusion can only be reached by someone whom the present grubby atmosphere in Washington has blinded to all possibility of personal decency, or someone who knows nothing about Mr. Straight.

You have done a shameful thing to a man whose entire career shines with honor and with disinterested service to the public good.

GILBERT A. HARRISON
Washington, D.C.

Gilbert Harrison is editor-in-chief of The New Republic.

The editor replies:

James Fallows deals with this subject in his article beginning on page 53.

The Screwing of the Average Man

A Washington Monthly book by David Hapgood

Coming This Month from Doubleday

"The best account I have seen of how the system is rigged from maternity ward to beyond the grave to keep us broke so the rich can go on getting richer."

—Russell Baker

"The Establishment will rate this one X, but, the general reading public, or, 'screwees,' should find the book an eye-opening pleasure."

—Publisher's Weekly

"Hapgood is right on target. . . .This book is in the great tradition of The Washington Monthly and that means it's 'must reading.' "

—Herbert Denenberg
former Commissioner of Insurance
State of Pennsylvania

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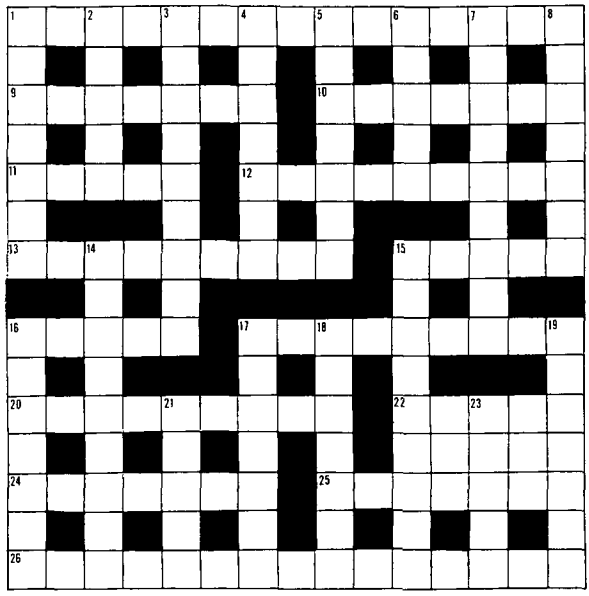
the political puzzle

by John Barclay



Across

1. Bicentennial ticket for 26 Across? (4-11)
9. There's crime mixed up in Alcoholics Anonymous here. (7)
10. Make big thing of hurt imp. (7)
11. Loads of party givers? (5)
12. Trust rest to bring them down to earth. (9)
13. What has happened to some Nixon men who used to tend scene. (9)
15. When the deaf come back with thousand in the middle, it will be well-known. (5)
16. Mixture of East and West tastes good. (5)
17. Real task for architect to build addition back in change. (9)
20. "It's no sins today," he prescribes. (7, 2)
22. Just making out? Put relative in for example. (5)
24. He's lost in weight, but tells us about bad money. (7)
25. What he does first so a portrait can be painted. (4, 3)
26. Purer ban typical of this in-group. (10, 5)

Down

1. Shines as shelf is shaken. (7)
2. Initially Stevenson takes his ease and staggers. (5)
3. Go back over trip scene. (9)
4. In a typical case, girl finds herself in Counterintelligence Corps. (7)
5. They went in the East tender. (7)
6. To be in the index is to be. (5)
7. Outdoor type, he is friend of Abner with Shelley. (9)
8. Washed off de horse again. (7)
14. Wants assistance? Lend sheep! (5, 4)
15. To paste self when confused is a mistake. (5, 4)
16. Brandy drink is found in East in Germany. (7)
17. One-time one-man state, French style. (4, 3)
18. Upset men in Asia are beyond recall. (7)
19. Real gay comes out avidly. (7)
21. Eastern gentleman brings up bias and puts hydrogen in it. (5)
23. It may be finer to draw a sound conclusion. (5)

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on page 36.

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What Do We Do Next

On any given morning, the case for getting out of bed can be a chancy proposition at best. The great march of recent history, including the popular landslides which gave us Lyndon Johnson and Richard Nixon, tends to make pulling off the covers a 51-49 proposition. But once you've decided to get up, you commit yourself to a whole series of consequences. In walking out the door you enter the world of other people and thereby take responsibility for your dealings with them. You also assume some responsibility for at least trying to make sense of what the government is doing in your name. It is with this thought in mind that *The Washington Monthly* offers its guide for those who have decided to get out of bed. We do so from a concern that during the last two years the "issues" and "goals" have become even more muddled than usual. One reason is the national Watergate festivities and all the "clean government" excitement it has left us with (in several important primaries this year, the main issue seemed to be how much the candidates had, or hadn't, spent).

The four articles in this section attempt to deal with the problem from different points of view. The first, by Thomas Redburn, outlines some of the programmatic priorities we might keep in mind during this year's elections, in 1975, and when choosing a President in 1976. The second, by Charles Peters (which, like the first, represents the combined efforts of many people who write for this magazine), explains why so much of our current plight traces back to the kind of jobs we've gotten involved in, and how more of us could break free into a form of enterprise the country desperately needs. A third by Walter Shapiro examines that pathetic symbol of government indifference to enterprise, the Small Business Administration. The final article, from a new book by David Hapgood, confronts one of the facts all too rarely faced—that each of us has an angle in the nationwide system of screwing the other guy, and until we are all ready to admit that fact and act on its consequences, we will not move far at all. ■

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This section is based on many articles
that have appeared in *The Washington Monthly*.
Among the more heavily relied upon are the following:

An End to Demeaning Work by David Hapgood

Abolish Social Security by Milton Friedman

A Way to Beat the High Cost of College by Walter Shapiro

Health: The Care We Want and Need by James Fallows and David Blumenthal
by James Fallows and David Blumenthal

The Health Professionals by David Hapgood

The Screwing of the Average Taxpayer by James Fallows

The Secret Way the Rich Escape by Philip Stern

Violence and Crime by James Fallows

Busting Our Mental Blocks on Dope and Crime by Suzannah Lessard

We're All Working for the Penn Central by Taylor Branch

A Primer on the Economy by James Fallows

Waiting for Disarmament by C. Robert Zelnick

Nuclear Hijacking by Timothy Ingram

Putting the Wisdom Back Into Intelligence by James Fallows

The Case Against Tenure by Suzannah Lessard

The Houses of Muumbi by Harold Isaacs

How Can We Bring Back Quality by Marjorie Boyd

USIA by Bruce Oudes

The Wife and Kids: Not the Excuse They Used to Be
by Michael Rappeport and Howard Van Lenten

The Case for the Family Farmer by James Hightower

Big Is Bad for Us All by John Winslow

Foreign Service by James Fallows

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A Platform For the Seventies

by Thomas Redburn

Forget Watergate

Watergate has become America's favorite spectator sport. For two years, the daily news about the Nixon gang has been a delicious opiate for us all. Like veteran baseball fans reliving Bobby Thomson's home run, we endlessly discuss "What did the President know and when did he know it?" or "How did Jeb Magruder lose his moral compass?" All of this while the economy is collapsing around us.

Take a recent "Week in Review" section of *The New York Times*: almost all of its front page was devoted to Watergate and none of it to inflation. Stuck on page four, however, was an article headed "Inflation's Ugly Questions: Can the Nation Survive It?" It was comfortingly subtitled, "History's Parallels are Plentiful and They All Say No." The relative placement of the stories reflects the amount of attention we have given Watergate and inflation. The Consumer Price Index just isn't as sexy as a new round of indictments.

There are, to be sure, important lessons to be learned from Watergate, but most of us have already learned them. Of course justice must be done, but to the extent it remains possible after the Nixon pardon, it should be left to the special prosecutor and the courts. It will be painful to give up our daily Watergate fix, but there are more important problems now. Among them is inflation, the related possibility of world depression, and the other issues discussed in this article. We aren't going to solve any of them until we get our minds off what Haldeman said to Ehrlichman and what Ehrlichman said to Mitchell.

Thomas Redburn is on the staff of The Washington Monthly.

1. An Income Cushion for Everyone

One of the saddest outcomes of the 1972 presidential campaign is that an idea whose time had come—the guaranteed income—appears to have been banished for years from political consideration. McGovern's clumsiness in proposing "demogrants" frightened liberals away from what could have

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been the most important change in domestic policy since the New Deal. McGovern convinced a great many people that the cost of a guaranteed income would be so large that he couldn't even talk about it. Actually it would be relatively inexpensive to institute a negative income tax that promised a family of four $4,800* annually at an additional cost to taxpayers of about $1 billion, or less than one-half of one per cent of the federal budget. The funds could come from getting rid of some—not even all—of the other welfare and income-transfer programs now on the books.

Let's see how it could work. Families and individuals with no earnings would receive the basic guarantee. Working families (of four) would receive the $4,800 plus 50 cents for every dollar they earned up to $9,600. At that point they would enter the regular tax system. This would cost an estimated $30.9 billion in 1976. Here are some examples of where the money could come from: Aid for families with dependent children (AFDC) will cost $4.9 billion in 1976. Supplementary security income (SSI), a new program to provide a minimum income for the aged and disabled who don't receive an adequate income from social security payments, will run $5.6 billion. Eliminating food stamps and nutrition programs would be another $5.9 billion. The $300-million WIN program, which provides training for people on welfare but has produced only a handful of jobs, and $879 million in compensation for disabled miners could also be eliminated. We could abolish veterans' pensions, on which we will spend $6.5 billion. State costs for welfare, which total over $3.5 billion, would also go; $2.5-billion worth of additional social services provided by the states under federal financing that people would be able to buy themselves under a guaranteed income which means a net cost to taxpayers of $1 billion.

*The $4,800 guarantee is based on providing $1,600 for the first two family members, $800 for each of the next three, and $500 for each family member thereafter.

2. No More Social Security

But this proposal doesn't take into account social security—the most regressive income transfer of them all. For decades even the most muted criticism of social security has been politically suicidal. Yet social security is so completely misunderstood that if the truth were known, it might not be such a sacred cow.

Social security is *not* an insurance program or a pension plan. It is a simple transfer of income from one group of citizens, who happen to work, to another group, who don't. And it turns out that social security, on balance, tends to transfer income *from* low-income groups.

The social security tax is a flat-rate tax on earnings which applies only to the first $13,200 of salary. If you earn below the maximum $13,200, you pay the tax on your full salary. But if your income from wages is over the maximum, you pay the tax on only the first $13,200. This makes the tax clearly regressive, since the higher your salary above the maximum, the lower your effective tax rate. It also does not tax sources of income other than salaries, which is still another way of helping the rich who get their income from interest, dividends, and capital gains. Working wives suffer because they are required to pay the tax on their wages, yet can receive benefits based only on their husband's earnings. A family with two workers, each earning $13,200, pays the full tax on both salaries. But a family with only one worker who earns $26,400 has to pay only half as much as the family with the same income from two workers and gets the same benefits.

We have tried to figure out how much we would save if we abolished social security in favor of a guaranteed annual income. Obviously, it would be in the billions, since so much of social security goes to people who have adequate incomes without it. We have

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asked everywhere, but no one in the government, including the Office of Management and Budget seems to know the answer. With all the federal dollars spent on research, it is frightening that no one has answered this basic question.

3. Let the Student Pay

A person considering starting a risky enterprise or embarking on a different, more challenging career that involves some financial sacrifice will think twice if he has two children just about to graduate from high school or has a history of heart disease in his family. With the cost of attending a good private college running near $5,000 a year and the price of a day in a hospital bed over $125, these are obviously not unwarranted concerns. Two reforms, however, could ease the anxiety.

One such change would be to establish a variant of the Educational Opportunity Bank, an idea first proposed by Milton Friedman in 1955. This bank would lend money to students for any kind of post-high-school education and require them to pay it back out of their future earnings. In contrast to present loan arrangements, repayments for this loan would be spread out over the course of the recipient's working life and would be directly tied to his annual income. For instance, a student may agree to pay back one per cent of his income for every $2,500 borrowed. As his income changed, the amount owed would change in accordance. Even if students who choose to become social workers, small businessmen, or poets paid back less than they borrowed, their classmates who became lawyers and doctors would make it up by paying more.

This would free parents from the task of coming up with the $4,000-5,000 per year to send a child to a private university or $2,000-3,000 for a public institution. It might also reduce the taxes of lower income families, who disproportionately contribute toward financing the public universities that serve primarily the off-spring of the upper-middle class. It would also free *teachers* from having to teach students who don't care, who are in school only because their parents are paying for it, which corrupts the whole process of higher education.

The truly surprising thing about this change is that it wouldn't cost the taxpayers anything new; once the bank is initially funded (probably by selling bonds), it would support itself.

4. Keep the Doctors from Robbing Us

A new system of health care financing is just as clearly needed, not only to reduce the fear of a calamity threatening a family's security, but also as a means of providing more equitable care. Many Americans still do not have minimum protection against medical expenses—40 per cent of the working poor have no health insurance and even comprehensive insurance programs often set a limit of $5,000 on claims. The simplest solution is a program that would provide practically free care for everyone. There would be a small fee for medical services, based on income, to discourage hypochondriacs from filling doctors' offices.

There is a real danger, however, that such a federal program of health financing would merely turn into a giant Blue Cross, unquestioningly shelling out for ever-higher medical costs. Doctors' fees and hospital costs must be rigorously scrutinized by the government and by the press. Also, the doctors and nurses guilds must open themselves up to people on the basis of demonstrated compassion and comeptence, not on the basis of degrees.

This health program should not cost over $7 billion more than the combined cost of all present public and private health programs. That amount, as well as the net cost of all the other recommendations made in this article, can easily be made up for

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by the defense savings we propose.

5. Encourage Free Enterprise

The Educational Opportunity Bank and comprehensive health financing together would ease the fear of being plunged over the brink into insecurity. Life in the bureaucracies might be shaken up because the threat of being left out in the cold would no longer be so strong (see "Putting Yourself on the Line," page 19). But beyond the extension of security to many who are not rich, there is still an overwhelming need to provide greater equity in the way government pays its way and provides its rewards.

Tax reform is the best way to achieve that goal. Philip Stern estimates that $77 billion is lost through tax loopholes, each year, and although they're designed to give the average man a bit of the money being spread around, the rich are the prime beneficiaries (for why this persists, see "The Screwing of the Average Man: The Victim as Co-Conspirator," page 35). If we taxed all income the same, whether it came from capital gains, oil wells, state bonds, or ordinary wages, we would reduce the level of taxation on all families earning less than $25,000. And if Congress still wants to help out particular friends with handouts, at least it would have to provide them in the form of direct gifts instead of hiding them in the tax laws.

Changes in the tax system would also discourage the trend toward increasingly larger corporations. Congress could change corporate tax rates to discourage mergers and uneconomic growth. As of now, all corporate profit above $25,000 is taxed at the same rate.

Higher corporate taxes would discourage growth for growth's sake. In addition, if the smaller corporations, where the experiments and the risk ventures are undertaken, had lower tax rates, capital would be more likely to flow to them instead of being locked up in the General Motors and Prudential Life Insurance companies. But there is still another way to use the tax system to encourage competition: making all investment losses in new businesses deductible (and eliminating the complicated restrictions and special provisions of the current code). (See "How Not to Help Small Business," page 29.)

6. Punishment Is Necessary

For many Americans, crime and the fear of crime have become the single greatest threat to physical security. For many liberals, crime has been the most difficult social issue to confront honestly. Unlike the threats to economic security, the apparent solutions to crime are distasteful and authoritarian. Too often, the liberal response has been to wish away the genuine fear of crime, or to regard it as somehow beneath consideration, and to focus exclusively on the social forces behind criminal behavior, leaving the right wing to monopolize programs of crime control.

Behind the liberal distrust for law and order there is, of course, the important understanding that social forces and economic injustice are the deepest causes of many crimes. But instead of attacking those causes directly, liberals have too often attempted to make up for them by altering the rules and condemning persons who enforce them. The result is a lack of respect for law enforcement that liberals perceive as serious only when there's someone like Richard Nixon they really want to get.

We should abandon the idea of prisons as rehabilitation centers, with their promise of uplifting and improving the inmates through counseling and behavior modification. Not only have such methods failed to rehabilitate criminals, they have tended to increase the cruelty in prisons by giving prison officials and psychologists much greater freedom to impose arbitrary sanctions under the guise of treatment. Our current approach of putting people in prison to "reform"

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them is based on an attitude that criminals should be treated like children. Prisons should be merely the place where people who have broken serious laws are forced to go. They should exist because society cannot allow certain infractions to go unpunished without eroding the basis of the rules we have adopted to define acceptable and unacceptable conduct.

7. Legalize Dope, Wake Up the Cops

About 28 per cent of all criminal arrests are for drunkenness, narcotics, gambling, or prostitution charges. Legalizing these victimless crimes would free both the courts and the police to concentrate on violent crime, which has risen 46 per cent in the last six years.

In addition, police should attempt to build confidence in the safety of the streets by placing more patrolmen on evening walking beats in areas where people might congregate. A policeman on foot is a more reassuring presence than an air-conditioned patrol car with closed windows speeding by. When they can't walk, the police should at least use motor scooters, which can't be slept upon. Real police competence must be rewarded. Too many police departments use a quota system that encourages traffic arrests and do little to grant promotions to officers who spend several weeks tracking down violent criminals.

8. Cut Civil Service Jobs 50%

The dangers of the tenure system, examined at greater length elsewhere in this issue, are obviously considerable—especially in the government, where civil servants' tenure can become a shield for incompetence. At the same time, the recent showdowns between civil servants in the IRS and President Nixon's political appointees remind us why we don't want a government composed entirely of people who owe their jobs to politics. We propose a 50-50 balance as a workable goal. Right now, the make-up of the federal government and many state governments is more like 95-percent civil service, five-percent political.

A more evenly balanced system would help us take advantage of the strengths of each group—the experience and political independence of the civil servants, and the fresh blood and willingness to take risks of the political appointees. (By "political appointees" we mean anyone who would be spending a limited time in the government—either through a short, fixed term or serving at the whim of the President.) It would also reduce the power of the civil service unions and help us cope with the geometrically escalating bill for public employees' salaries, since people who expected their government service to be temporary would not need to insist on the annual grade promotions or in-grade raises that are the civil servant's ticket to security.

It should almost go without saying that we are not dreaming fondly of resurrecting the seedier aspect of the spoils system; there should be minimum standards of competence that both kinds of appointees must meet. We also don't mean that half the civil servants should be fired outright (don't panic all you GS-15s)—only that, as every other job opens up, it should be filled with a non-tenured employee subject to replacement at any time.

9. The National Defense Railroad Act

Autos are too small-scale for most transportation in big cities (it is as if every person in an office building had to provide his own heater); airplanes are inefficient for many of the short-haul flights they now make. Moreover, air pollution, fuel restraints, and urban congestion will keep us from indefinitely expanding our airline and automobile systems; there are also the 50,000-plus annual deaths from auto injuries. So developing an alternative—a functioning national railroad system on a par with European lines—

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is an important place to invest our energies. The 30 per cent rise in Amtrak business within the last year indicates that the nation is ready for such a move.

Under-funded and compelled to drop "unprofitable" cities and routes, Amtrak is at best a shadow of a genuinely effective national rail system. Such a system should not be merely a nostalgic adjunct to cars and planes, but a serious alternative means of transportation for both passengers and freight. This involves restoring the quality of service between the major cities, of course, but it also means massive construction of small-city networks, commuter routes, trolleys, and subways. This will be expensive, but so will any other kind of government spending necessary to provide an antidote to recession, whether overt (unemployment payments) or indirect (defense spending), and unlike aircraft carriers, the trains are at least useful. The highway lobby sold the interstate highway system in the 1950s on the basis of it's contribution to national defense, perhaps those who support rail transport might sell Congress on a National Defense Railroad Act.

10. Defense—The Nukes We Need

The modern world being what it is, this country does have a few genuine defense requirements. The one absolutely crucial priority is to maintain a secure and efficient fleet of Polaris submarines equipped with nuclear missiles. At least until the day that disarmament comes, we need the Polaris fleet to provide the heart of our nuclear deterrent. In order to protect the submarines, we must also make sure that our research and development of anti-submarine warfare techniques is as good as the Russians', and that our counterintelligence forces do their best to keep the locations of the submarines secret. Because it is never prudent to rely totally on one system, there is also an argument for retaining one of the two other wings of our current strategic force—either the manned B-52 bombers or the land-based Minuteman missiles. It may also be worth stationing a *small* U. S. force in Europe to present a "trip-wire" appearance to both our allies and the Russians.

Beyond that, there is not very much of the current defense establishment which makes a genuine contribution to our security. If we have to choose one place to start dismantling, the grotesque and anachronistic schemes for a mighty fleet of aircraft carriers is the obvious place to begin. Each of these ships costs about $1 billion, requires another $2-billion worth of companion vessels, and is, after all that expense, ridiculously vulnerable to attack. Another fine candidate for extinction is the B-1 bomber, which the Pentagon is proposing as a substitute for the present bomber fleet but which does not have any persuasive advantages over the modernized B-52.

By modernizing the B-52 and not buying the proposed fleet of 244 B-1s, we will save approximately $13 billion over the next several years. We could save $13 billion *every* year by cutting back our ratio of support to combat troops to what it was at the end of World War II and which is what the Russians' is today. Another $4.4 billion can be saved annually by abolishing the Reserves and National Guard, of which Rep. Otis Pike has said, "Somewhere in this country there may be Reserve and Guard units dedicated, highly motivated, and ready to go. . . . but I've never seen one."

11. The Nuclear Threat Next Door

A recent study by the Atomic Energy Commission, the people who are trying to bring the pleasures of peaceful nuclear power to America, estimates that a blowup at a relatively small nuclear reactor could kill 3 400, injure 43,000, and cause $7-billion worth of property damage. Of course, the AEC reassures us, there is nothing to worry about—but just in case, it asked Congress to pass a bill limiting a company's liability for a nuclear

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power plant accident to $560 million. This will be small consolation to those who happen to live near the plant. A better approach would be to say that we don't need nuclear generators, can't trust them to supply us with a safe source of energy, and should stop building them before it's too late.

The controversy over the safety of nuclear plants most clearly resembles a shouting match in which each side throws probability statistics at the other. It is wise to consider, though, that the AEC argument rests on the assumption that nothing will *ever* go wrong. Given all we know about the imperfectibility of human efforts, this belief that reality is perfectly controllable and every foul-up can be prevented is truly frightening. Can anyone imagine continuing to use nuclear plants once one has blown up, whether it is caused by mechancial failure or sabotage? However, if by the time it occurs we're depending on nuclear power as a major source of energy, it will be incredibly expensive to switch to other energy sources, if it is possible at all.

The expansion of the nuclear industry also increases the possibility that potential blackmailers could obtain enough nuclear material to build a weapon. Theodore Taylor, one of the men who helped develop the atomic bomb, is convinced that a small group would have no trouble constructing its own bomb, once it got the six kilograms of plutonium or 20 kilos of enriched uranium. India was able to divert enough material from a Canadian-built reactor to construct its nuclear device. The type of reactor the U. S. is promising Egypt and Israel is capable of producing up to 200 kilograms of plutonium annually. President Nixon assured Congress that there would be guarantees built in to prevent the diversion of nuclear material in the Middle East. But our experience at home hasn't been particularly reassuring—one inter-plant shipment, for example, ended up in Tijuana. The nuclear industry has forcefully resisted even modest improvements in security precautions. Dr. C. D. W. Thornton, former head of the AEC's security division, tried to institute tighter safety regulations. Under pressure from the industry, he was reorganized out of his position.

Not even greatly increased security can completely prevent the theft or sabotage of nuclear materials; it can only make it more difficult. Atomic materials are valuable; as more and more people learn how to use them, they will increase in value even more. There is every reason to believe that people will attempt to steal them, and that eventually they will succeed.

The case against nuclear energy, then, is that the risks overwhelm the good it might possibly do. Nuclear power is the only source of energy presently being considered that can never be allowed to go wrong.

Yet the current plan is to rely on nuclear energy to supply 25 per cent of our power by 1990. We are committing the bulk of our research efforts to developing nuclear power to the practical exclusion of alternative possibilities. The federal government has allocated $600 million for research on nuclear power in fiscal 1975, compared to $300 million for fossil fuel research, and negligible amounts on solar, tidal, and wind research. Fusion power, which uses universally available hydrogen and which may turn out to be a safe, virtually limitless source of energy, will receive only $100 million. And this doesn't include the millions in tax

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incentives for continued plundering of oil and gas, when we may need them for many more years than we are presently counting on.

By cutting down on waste and needless consumption and learning to use the various small-scale energy sources that can be developed rapidly, we could get by without nuclear power plants. In the same way we trapped ourselves by relying on the single solution of highways to solve our transportation problem, we are in danger of placing our fate in the single salvation of nuclear energy. The alternative is to let a hundred flowers bloom.

12. Bypass the UN

Unlike any of the previous topics, the control of nuclear hazards has a troubling limitation: there is only so much that we, as a nation, can do to protect ourselves. We can guarantee, by refusing to build nuclear generators, that none of our cities will be destroyed by an accidental explosion. But by ourselves we cannot guarantee that our cities will be safe from terrorists with homemade nuclear bombs. As long as there are nuclear generators in operation anywhere in the world, sources of plutonium will be there for the hijacking. Our certainty that hijackers will not succeed will be only as good as the security system of the most weakly protected generator in the world.

The only cold comfort to take from the situation is this: all governments are increasingly being forced to face similar problems. The first major indication of that pattern emerged from the environmental crises of three and four years ago, when it became clear that neither pollutants nor biological systems respect national borders. Within the last year, the three economic issues most on people's minds have also dramatically illustrated the limits of purely national action: a) the rise in fuel prices, which had less to do with physical shortages than with a world situation in which the sellers could whipsaw the buyers; b) the rise in food prices, which has made world conditions of supply and demand a reality in every local market; and, growing from the previous two, c) the inflation which is now clearly the major emergency in both industrialized and underdeveloped countries.

In their discussions of inflation, many American economists have alluded to estimates that between 55 and 60 per cent of the recent dramatic inflation has been caused by rises in food and fuel prices. Most often this statistic is used to justify removing that large portion of the problem from any hope of solution, while the economists apply the tools they have—Phillips curve analyses, or exhorting the average man to spend less—to the part that is left.

There is another conclusion we might draw from the inflation statistic and from the other indications that major problems such as the multinational corporations have gone beyond the scale of national control: that the time has come to devote serious, practical thought to systems of international cooperation and world government.

One hesitates even to mention these phrases, since the existing international organizations have acquired such well-deserved reputations for soft thought, crazy dreams, and mighty torrents of hot air. It is worth remembering, however, that for 25 years the cause of international cooperation has been left exclusively in the hands of Norman Cousins. The last time that anyone with pretensions to political power or a reputation for pragmatism gave a thought to the cause was immediately after World War II, when the U. S. had sole possession of the atomic bomb and everyone else was apprehensive about how it might be used. That moment ended when Russia produced its bomb, and it was understood that the control of nuclear weapons would be a matter for the two great powers to decide.

Now for the first time since the late 1940s, there is again a compelling

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reason to think hard about world government. No system of international cooperation could make the rains come during the drought, or automatically produce limitless supplies of clean energy. It might, however, avoid what is all too real a prospect: countries using whatever resource they have to hold the other countries to ransom, in a system which permits very few countries to win (perhaps only the Arab oil powers), brutally punishes others (those underdeveloped countries without minerals or oil), and makes life in the remaining majority more chaotic and uncertain than it needs to be.

Of course the obstacles are enormous. Very rarely do all the members of the UN, for example, agree about anything. But one of the reasons for the UN's failure is the sentimental hypocrisy of its bargaining, which assumes that the U. S., Russia, and Mali are going to sit down to hammer out a deal. One of the truths of life is that you can only make deals between people who have something to bargain with. In the international area, that would include the countries with nuclear weapons or nuclear generators, those with the oil and the other crucial raw materials, and those with the food.

13. Using Our 'Oil Weapon'

In this kind of bargaining, it may be argued, the Arab oil powers have absolutely nothing to gain; they have the oil and everyone else needs it. But even as they expand their fleets of limousines and Lear jets, the Arabs must be thinking anxiously about the economic havoc in the rest of the world. Another truth of life is that if you have a lot of money, you want things to be like they were during the Fifties; you want life to be regular and smooth so that your dollars aren't devaluing before your eyes and there's no danger that radicals will come out of the woodwork to expropriate your holdings. By those standards, the Arabs have not exactly created ideal conditions for themselves. The money they hurried to invest in foreign business stocks must have lost half its value already, and while they may be feeling the pinch of inflation less than the rest of us, they can't be happy to see their dollars and Deutsche marks devaluing before their eyes. Of course the Arabs are currently held together by the Palestine issue. If we can persuade Israel to a fair compromise, we will then have non-oil Arabs such as the Egyptians as powerful allies in seeking reasonable accommodation with the Saudis and Kuwaitis.

In trying to strike bargains on nuclear control, energy coordination, efforts against inflation, and the rest, the U. S. should not overlook the importance of its own version of the "oil weapon"—its exportable food supplies. Although this year's bad harvest will reduce the figure, in recent years the U. S. and Canada have been providing 90 per cent of the world's exportable food, most of it from the U. S. Those people who are, for the very best reasons, concerned that we be generous with this food at a time when the prospects for world famine are worse than ever, are often tempted to pretend that the food is not a "bargaining chip" because a moral nation should never withhold food from hungry neighbors. A more realistic approach would consist of two steps: committing ourselves, when dealing with poor countries—especially those which lack mineral resources and which have suffered most terribly from the rise in fuel and fertilizer prices—to provide the food they need to keep their people alive; and, when dealing with countries whose cooperation we need in efforts against nuclear terrorism and economic dislocations, to recognize that our food is a powerful bargaining asset and should be used accordingly. The 1972 Russian grain deal illustrated how persuasive a weapon our food *could* be. Before the Department of Agriculture turned the deal into a disaster by channeling it through the big grain companies, the Russians had offered to buy directly from the U.S.

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government and pay in one of the two commodities our government most cherishes, cash or natural gas.

But if—and only if—all reasonable approaches fail and the Arab oil powers continue to threaten the world with economic disaster, we should be prepared to threaten them with military force. The slogan "No More Munichs" led us into the criminal folly of Vietnam. The slogan "No More Vietnams" can lead to more criminal folly, the acceptance of worldwide depression—with depression's proven capacity for breeding dictatorship and war—as preferable to the use of muscle against Kuwait.

14. Abolish Dirty Tricks

Facing the use of force should make clear how seldom its use is justified. Only against Hitler and—perhaps if we had stopped at the 38th parallel—in Korea have we had right on our side in modern times. To have an agency like the CIA, which makes it easy to use force in secret, invites the use of force in marginal situations. Our recent sins in Chile only remind one of what has been bad news from Guatemala to the Bay of Pigs to Vietnam—the operations division of the CIA. It should be abolished forthwith.

15. Attack Tribalism

Next to the idiocy of the CIA dirty-tricks operation—and aren't E. Howard Hunt and G. Gordon Liddy perfect symbols of the kind of demented plotters and gunslingers who should be in jail instead of working for the United States government—ranks the silliness of trying to change the American image abroad represented by the United States Information Agency and the Peace Corps. The USIA should be abolished. The Peace Corps, however, has stumbled into something that has possibilities. Much of the world is short of people to teach fundamental skills in reading, writing, mathematics, and agriculture. Much of the world is full of crippling tribal hatreds. There is a place then for third parties who can play a helpful role and who do not happen to be involved in the local hatreds.

We should do what we can to cope with the real source of most armed conflict in the world today—not ideology but "tribal" disputes. With the exception of our involvement in the Vietnam war, most of the blood that has been shed in warfare in the last decade has been the result of disputes between opposing "tribes" occupying contested grounds: Greek and Turk in Cyprus, Israeli and Arab in the Middle East, Catholic and Protestant in Northern Ireland, Hindu and Moslem in the sub-continent, Ibo and Hausa in Nigeria.

There is not, of course, any immediate programmatic solution to tribalism. But it is reasonable to believe that outsiders can do something to reduce tribal hatred—even if that something is merely living without hatred among the bitter people and thereby lowering the average level of hostility. Experience in our own country suggests why: the "tribal" conflict between black and white in the United States has been resolved in more or less satisfactory fashions in different parts of the country, and one of the things that has seemed to help, as in Atlanta during the 1950s, is the presence of third-party Yankees not involved in the hatred. Of course, third parties can make a situation even worse if they are allied to one of the factions—as were our Special Forces in Asia and the British in Ireland. But we should have learned that lesson by now, and there is no reason why an expanded and internationalized Peace Corps, sent not to peddle an ideological line or prop up any regime, but to work on small-scale agricultural and educational projects, could not avoid that danger of alliance, and by its mere presence, help prevent bloodshed. ■

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Putting Yourself on the Line

by Charles Peters

Yesterday Penn Central. Today Pan Am. Tomorrow? The American system is in trouble and we all know it. We've grown fat and sloppy. General Motors and the Post Office each has over 700,000 employees. One turns out lemons. The other loses packages. Managers and workers are more concerned with preserving their positions and expanding their benefits than with doing their work. The old organizations—public or private—simply aren't doing the job. They require regeneration or replacement. This means we need people who like to start new enterprises and make old ones come alive again. We need people who are willing to shed their institutional cocoons and stand or fall on the basis of their actual performance.

What we need, in short, is a rebirth of entrepreneurship. The adventure of creating something new, whether it be factory or school or clinic, has stirred the American soul in the past. But for too long it has been forgotten as our attitudes have been molded by a conservatism dedicated to the defense of established big business and by a liberalism too closely allied to big government and big labor, with branch offices in the foundations and the universities, where profit is a bad word.

Perhaps most to blame is the culture of liberal idealism which automatically characterizes someone who goes into an urban planning consultantship as idealistic and classifies the person who decides to be a building contractor as comparatively base. The assumption that businessmen who reduce pollution partially in the interest of profit must be the same creatures who polluted the air in order to make profit in effect tells the entrepreneur that he can't take normal satisfaction in being part of an accomplishment because the accomplishment would only be morally praiseworthy if the Ford Foundation were responsible for it.

We have begun to honor those courageous risk-takers who have blown the whistle in government. We should do the same for those who try to reform their company or start a new one. The entrepreneur has be-

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come linked in the liberal mind with the robber baron who delights in destroying his competition. Sometimes he is just that. But he can be something else. He is in fact a creator equally deserving of praise or blame in terms of the quality of what he produces as are the creators in the arts upon whom the liberal lavishes so much attention.

Featherbedding is Popular

Right now there is very little honor—or even self-respect—in the free-enterprise system. A Gallup poll shows that 56 per cent of workers admit they could produce more, while a Harris survey reveals that a majority of Americans see no reason for increasing productivity, since it would only mean more money for greedy stockholders. Another recent Gallup Poll shows that the number of persons opposed to a federal law barring featherbedding has risen by 40 percent since 1962.

One obvious answer to the problem is encouraging entrepreneurship by workers—a share in ownership that will give them a stake in making a new business out of a failing one by increasing its productivity. Yet while there is plenty of evidence that worker participation can succeed in small and medium-sized companies,* there is no such evidence as to the industrial giants. A worker is a lot more likely to see the results of his extra effort in a larger profit-sharing bonus if he works in a 500-man plant than if he's part of General Motors. This suggests that we need organizations not only that are new but that are also small enough to stay new or be renewable.

Economies of scale are proving illusory. A recent study by the Department of Agriculture reported that the optimum size for a California vegetable farm was 440 acres. Yet, the average size of the corporate farms that dominate vegetable production in California is 3,206 acres—eight times larger than efficiency warrants. Seventy-three per cent of California vegetables are produced on farms that are much larger than optimum size.

There have been eight different government investigations of the large conglomerates. Every one of these reports—as well as a study conducted by the New York Stock Exchange—concluded that companies were generally *less* efficient after acquisition.

The House Antitrust Subcom-

*The Lincon Electric Company in Cleveland, Ohio, instituted a system of worker participation and profit-sharing nearly 40 years ago. After deductions for taxes, reserves, and stockholder dividends of six per cent, all the remaining profits are distributed to the employees. In recent years, $16.5 million was divided among Lincoln's 1,900 workers, distributing approximately $8,000 to each employee. This doubled many workers' yearly earnings. Most amazing, Lincoln's welding machines and electrodes are still sold at 1934 prices—the year when the first profit-sharing bonus was paid—while labor, copper, steel, and other inputs have risen by 200 to 600 per cent over the same period. Lincoln's prices have been held steady by the extraordinary efforts of its employees both to produce more individually and to find ways to improve the manufacturing process so that overall costs have not risen.

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mittee was able to force four of the largest conglomerates—ITT, Litton Industries, Ling-Temco-Vought, and Gulf and Western Industries—to provide data on how the acquired companies performed both before and after their takeover. This was by far the largest collection of data on conglomerate performance ever made public. The results were clear. Twenty-one of the 28 acquired companies showed declining performance as measured by at least two of the three barometers.

While our conservatives have been busy suppressing antitrust suits against ITT and bailing out every inefficient giant from Lockheed to the Franklin National Bank, the liberals have kept busy protecting their sinecures in government, the unions, and the wonderful world of non-profit institutions where tenure is king and ever-escalating salary without regard to performance the rule. A neat example of how liberals suppress criticism of their favored institutions is the United States Information Agency, which does nothing of value but offers employment for lots of journalists. (One veteran had the courage to ask "What was I doing hustling votes for Moise Tshombe and hauling these pamphlets across the Sahara?")

One suspects that we are close to a merger between our conservatives and liberals. Big labor and big business have, of course, already achieved an accommodation which passes the cost along to the rest of us.* In Nelson Rockefeller President Ford has found the perfect symbol for bringing all the big organizations together in a kind of state socialism in which each agrees not to expose the other's special privileges.

Another perfect symbol of what this merger would do for us is the conference. Faced with the frightening possibility of inflation combined with depression, the Ford-Rockefeller Administration did what? It called a conference. Big business, big labor, big education, and big foundations love conferences. They all have their conference centers. They even have regular conference attenders on their staffs. You've seen these faces—men gifted at good-humored blandness who go from Arden to Airlie to Aspen with one eye on the next martini and the other on protecting their organization's interests. The sole product of these conferences is usually a statement or press release.

The Badge of Status

The Department of State, which by the way has excellent conference facilities on its own premises, is an extreme example of what's wrong with most of the places where we work. The influence of the Foreign Service promotion system, the importance of titles rather than work, and the sharing of a small amount of work among a large staff all illustrate in exaggerated fashion the problems of our public and private bureaucracies. They deserve thorough examination.

In too many ways, the Foreign Service is a kind of lifelong Rhodes scholarship, a badge of status more important for the identity it gives the wearer than for what it requires him to accomplish. The badges confer a special sense of class, almost a touch of aristocracy. The little secret that no one lets out is that what one *does* after putting on the badge is not all that exciting.

*Last year, *Engineering News-Records*, a respected engineering journal, came out with an extensive survey of the union work rules in the construction industry. It concluded that 40 per cent of every construction payroll dollar is wasted because of the union rules. Even if that figure turns out to be inexact, it indicates the trend.

"What you have is a union elite which is perpetuating itself," says Ralph Nader. "But the interesting question to me is where are all the Republican senators who used to speak out for the companies and attack the unions? Their silence can only mean that the companies don't really mind so much what is going on because they are in collusion with the unions in many cases. The unions help them with all sorts of things, so they don't mind the union excesses, and of course, the public is paying the bill anyway."

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One may differ with some of the winners' values—for example, their commitment to carry out the foreign policy of whatever President happens to be in office—but there is no denying that this is as bright and talented a group as any to be found in government. Many of its members are not only skillful and intelligent, but also determined to do some *good*.

But once inside the Service, young officers find that there is less to do than they had imagined. The problem is a fundamental imbalance between the supply of responsible, significant work, and the demand for that work from the legions of capable FSOs. The solution is a form of work rationing in which Foreign Service Officers queue up, often for 15 or 20 years, to wait their turn for a challenging, significant job.

Here is the way most Foreign Service days are spent:

The first priority, as with any branch office, is the traditional bureaucratic effort to maintain good relations with the home office—in this case, Washington. This generates most of the excitement and consumes about 50 per cent of the time. It means keeping up a steady cable traffic so that State will know the boys down in Rio are performing; checking the latest policy and gossip; and shepherding visiting congressmen and Department officials.

Second is coordination within the embassy itself. The process that John Kenneth Galbraith described as operating in the State Department also prevails in embassies of any size:

"When I went back [to State] this time one of my assistant secretary friends attended the Secretary's staff meeting from 9:15 until 10:00 a.m. Then he had a meeting with the Undersecretary on operations until 10:30. Then he took until 11:30 to inform his staff of what went on at the earlier meeting. Whereupon they adjourned to pass on the news to their staffs. This, I am told, is communication."

The third priority is a similar form of communication within the American community in the country. There is a certain critical level, surpassed in most Latin American and many African countries, above which the American contingent can generate all its own work. To give one example, during the mid-sixties, the American "country team" in the Cameroons—the leaders of the Peace Corps, the Foreign Service, the U. S. Information Service, the CIA, and AID, presided over by the American ambassador—devoted one of its meetings to working out a fair allotment of Skippy peanut butter among the various American groups in the country.

The fourth priority is taking part in the life of the "diplomatic community." Admittedly this has its significance: at cocktail parties and receptions in Poland, American diplomats were able to brush shoulders with the Chinese. But the governments that must subsidize these activities are probably right in suspecting that the diplomats are operating one of the great con jobs of all time—comparable, in fact, to the way corporate officials hustle their stockholders into believing that there is more than an occasional legitimate business purpose in expense account entertaining and convention junketing.

The shortage of significant work, combined with the reluctance of old FSOs to quit (the annual resignation rate is about seven per cent—very low), means that people must wait a long time before they can move from one of the make-work jobs into one of the few with challenging duties. The first two-thirds of an FSO's career may be described as a prolonged period of warming up, getting ready for the duties ahead.

The motives for staying are complex and hard to separate. One is certainly the prestige of the Service, the reluctance to give up that institutional badge; this is the same reason that so few Rhodes scholars come home early. Another element is the "career-in-the-Service" orientation,

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clear from the start, which discourages short-term diplomats. But the most powerful force may be the subtle bondage of the seniority system, in which the very emptiness of the early jobs binds the employees all the tighter. After spending decades in jobs in the cellar, FSOs naturally want to take their turn upstairs. The longer an officer stays in, the harder it becomes to tear him away from the system of rewards: his investment grows larger, and the time until payoff diminishes. Like congressmen who stop fighting the seniority system after their third or fourth term, few FSOs seriously consider leaving the Service after 19 years. Tenure then exerts its seductive force even in an organization like the Foreign Service, which has a fairly tough selection-out process.

Afraid to Get Off

Because of the conspiracy of silence by the liberals, the perils of tenure have hardly been examined at all. Yet it is an evermore powerful fact of life in the civil service, in schools and universities, and increasingly in the great corporations, where an unofficial kind of tenure is more and more common.

The crunch of the tenure system is that people in it find it very hard to leave. Tenure is like a Eurailpass. Having bought the pass, you are perfectly free to stop riding the train, but if you come upon a town which promises an unprecedented good time if you would only stop over, chances are you will be simply incapable of staying there, or if you do stay, you will dance on thorns, knowing your pass is expiring, unused.

In order to work well, particularly at something which demands imagination, intellectual energy, and dedication—in other words, something other than plain labor—people have to feel free to leave: they stay only because they choose to stay, not because they are afraid to leave. It's rather like a troubled marriage in which the wife can't decide whether she really wants to leave or stay, but because she is so terrified of being alone, stays, never discovering that in the absence of terror she would have decided for positive reasons to stay. Such a marriage would limp along, slowly wearing down the partners. But if she felt ready to leave if necessary, and felt able, then having decided to stay, she could face the problems with confidence and work fearlessly to make something constructive out of the relationship. Paradoxically, by being willing to dump the marriage, she would make it worth saving. The same applies to a job. If, unafraid of being fired, you work courageously, with conscience and commitment, then the job is far more rewarding—worth staying in—than if cowed by the fear of dismissal, you yielded to all pressures in the effort to keep it.

The most tangible holding power of tenure is fear that you won't be able to compete in the "outside" world, that if you leave your cozy little niche your real lack of qualifica-

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by Gus Hall

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tion will be exposed. Fear of failure if you try something else and a reluctance to give up your investment in time compels people year after year to throw good time after bad, to hold on to the scrawny, irksome bird in the hand rather than drop it to go after one of the plump gorgeous creatures in the bush. A subtler force is reliance on structure. It takes a fair measure of inner sufficiency to let the Eurailpass lie unused, because it represents an order, a guideline. The trouble is that structures like tenure, like any job which arranges your life for you, insuring against risk, providing a neat little stepladder on which to mark your progress, will tend to weaken inner direction and sufficiency. The spirit, like the body, if constantly given a substitute for its own strength, will lose its strength. So like a self-fulfilling prophecy, it creates the dependence it presupposes.

Another reason people stay in the government bureaucracies is money. More than 73,000 civilian government employees draw base salaries of over $24,000 a year. By 1977 they will be making over $36,000. The average salary of all employees at the Atomic Energy Commission is just under $20,000 a year. (As this is written, federal government unions are threatening rebellion if they don't get an expected 5.5-percent pay increase this fall, and the militants among them are demanding a $10,000 minimum salary with a 30-hour week.) The money is, of course, even better in the big corporations and foundations.

But money is far from the whole story. Another factor is the need to function. Albert Speer was able to blur away Hitler's final solution for the Jews as he focused on his own job performance. "I often ask myself what I would have done if I had recognized Hitler's real face and the true nature of the regime he had established," Speer said. "The answer was. . . my position as Hitler's architect had become indispensable. . . I was in accord with the system so long as it permitted me to function effectively."

But the need to function is not the whole story, either. Note that Speer did not say "my position as architect," but rather, "my position as *Hitler's* architect." This is finally what is most depressing of all: the compulsion of men to seek their identities in the gaudier identity of someone they perceive to be greater than they. It is the religious impulse perverted so that one's allegiance is to LBJ rather than to an idea of what the President should be.

Of course, most of us do not have a real prince to have faith in. We have evolved something like a prince-substitute, however, in the governmental and corporate bureaucracies, the universities, organized labor, foundations, with which so many of us are so unhappily familiar.

Free-lance writer Paul Dickson has described his identity problem this way:

"You become extremely nervous about meeting new people because of the ever-present question, "Who are you with?" When your answer fails to attach you to a recognized organization like *The New York Times*, or Nader's Raiders, or the Department of Labor, both parties to the conversation often become embarrassed by your obscurity. There is some second-echelon hope for you as, say, a writer, in the recovery question, "Well, who do you write for?" If you have published for an organ of widely acknowledged distinction, such as *Harper's*, things will bounce back quickly and the conversation can proceed."

The classic example of the identity problem is the New York cocktail party where you're lucky if you know one person in ten. When that beautiful girl turns to you for a moment, you feel you have to flash your identity badges fast and you want them to be instantly recognizable and instantly impressive. It used to be very different at the small-town party where everyone knew everyone else's life story and could relax and stop trying to

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impress each other. But with the mobility of the American people—one in three of us moves each year—we're becoming a nation of strangers who need badges that will confer instant identity.

Duane Thomas' Trump Card

Of course there are practical obstacles to going out on your own which can't be overlooked. You need some kind of financial cushion and a reasonable amount of encouragement and protection from the government. That's why elsewhere in this issue we discuss the need for a guaranteed annual income, for tax incentives for new businesses, and for enforcement of antitrust laws. We also propose a system of payment for higher education that will put an end to the trap which a college education for their children means to most parents.

But it should be emphasized that many of these apparent practical obstacles to independence are really psychological ploys by which the imprisoned fool others and even themselves. Often the man who says he's staying in a job he hates for the sake of the kids is really pinning a martyr's badge on himself which will be paid for in the guilt of his children, who would be much better off with the mental health that comes from a happy home. And, surprisingly enough, more and more people who say they can't break away from General Motors because of the wife and kids really have enough capital to thumb their noses at the boss. In fact the evidence is accumulating to show that "wife and kids" is beginning to rank only slightly below "separate but equal" on the list of great phony excuses. Many of those too timid to blow the whistle are as likely to end up on the breadline as Ross Perot. In fact, they are often heads of families, whose greatest worry is likely to be how deeply inflation will cut into their purchasing power on the next trip to Europe. Their economic security may be based on a spouse's income or the extra cushion provided by inherited capital.

More and more people are inheriting enough money to allow them to overcome the "wife and kids" concern in choosing their jobs and determining values. Even before they actually acquire the estate, the knowledge that it is coming gives them a degree of independence. In 1959, there were 55,685 individual estate tax returns filed; by 1970, the number had more than doubled to 133,944. This means that in just one year there were 133,944 estates of at least $60,000, with most of them over $120,000.

If you didn't happen to inherit one of them, there's another kind of capital that can set you free. It is talent. If you have developed enough skill so that the boss knows you're not just good but very good, you have considerable power to bring about reform because he doesn't want to lose you. Not only can talent help you improve your present situation, but if the boss happens to be stupid enough to let you go, it will help you get another job or raise the capital for a new enterprise of your own. Talent is probably the most unrecognized source of power today. The highly skilled tax lawyer, for example, is so much in demand by the big firms, that he has real power to influence the firms' policies. If he wants 15 per cent of the firm's work to be *pro bono*, so it's likely to be. The trouble is he usually doesn't realize he has the power. But it's there. A recent example is the case of Duane Thomas, a running back with the Washington Redskins. Thomas climaxed a career of eccentricity by physically attacking a Redskins coach and calling him a "white-racist motherfucker." After a few days' suspension, the Redskins management perceived the triviality of the offense and reinstated him. The reason is that he is one of the two or three best running backs in professional football. To go from football to the white-collar professional world, once you have had a chance to demonstrate your talent in such a way

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that a reasonable number of people know about it, you can go wherever you want. A man we discussed in one of our recent issues, Bill Moyers, has demonstrated through his successes—government, publishing, and public TV—the range of options talent can provide. But even Moyers has failed to realize just how much freedom his talent could give him, and so he has avoided taking some of the big risks that might have allowed him to do even more.

The Pro and the Prostitute

For most of us, our bargaining card is our competence—sheer technical ability. Even if 90 per cent of the work done in your office is bureaucratic confetti, your competence to do the ten per cent of real work is a compelling card to hold. (Of course, if it's 100 per cent confetti, you have no power because no one is essential to the office.) But it is compelling only if you are willing to withdraw it, willing to refuse to compromise it.

That is why you have to care about something beyond technical proficiency. You have to care enough about your organization and what it should be doing to use your card if your organization is doing the wrong things. While the higher quality professional would put it less bluntly, they really seem to be thinking, "I'm pro, I do my work well, whatever it is. I'm not responsible for what my organization does." So if your partner is William O. Bittman collecting fees from the phone booth downstairs, it's none of your business. The trouble with the pro is that he sees the prostitute in the man who does second-rate work for money but not in the man who does first-rate work on a project for which he has no love.

Real reform of our institutions can't happen with such attitudes. You have to take responsibility for what your organization is doing, whether it's producing the best or worst product or service it's capable of producing, whether it's competing fairly or unfairly, whether it's polluting or not polluting.

Honest evaluation of ourselves and our organizations is what we need. We can't afford the cost of featherbedding any longer. Does our job really count? Are we doing it well? Does our organization do a good job of producing a needed product or service? If not, we should be ready to find a new job or start a new organization.

Not everyone can, of course. Many people simply don't have the option. They lack the money or the talent—or the youth in a society that scorns the aged. But far more have the option than are using it. Some are held back by greed, they don't want to give up the special little angle they have now. But others who could go out on their own are paralyzed by the fear of failure. They would say, "I haven't got the self-confidence to do that." What they don't realize is that a lack of confidence is not their problem—but a fear of failure is. Confidence, in the sense of having had a series of successful experiences, is irrelevant. It can, in fact, lead to arrogance. If you're a lawyer, you win four cases in a row so you get sloppy in the fifth.

What is important is overcoming the fear of failure. Fear of failure is what will make you self-conscious every time you go into that courtroom, worrying about yourself instead of focusing on the judge and the jury and the message you're trying to get across to them.

Doctor Doolittle

One begins to overcome that fear of failure with the realization that failure hurts most those who are aiming at success. When you're preoccupied with success in the sense of making it rather than doing your work, the appearance of success is everything. When your focus is on doing the job, failure today simply means you try again tomorrow. Ironically, failure is most likely when you are focused not on doing your

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job, but on the identity it gives you. All of us have seen the catastrophic results produced by friends who went into law or medicine not because they cared about law or medicine but because they wanted to be called lawyer or doctor. These are the people who most resist being judged by the actual success or failure of what they do. Once they become a lawyer or doctor, they want to have arrived, to have made it in a way that can't be taken away from them. They almost never become surgeons or trial lawyers, where evaluation by result is an everyday matter. You can't slice too many arteries before you're caught.

On the other hand, people truly in love with what they're doing care about doing it well and don't fear intelligent evaluation. What they do fear is inept criticism. That is why development of the art of evaluation—both of organizations and individuals—is so important.

Evaluation is a word that has been debased by the psychologists and bureaucrats. For many it suggests gobbledegook designed not to identify failure but to cover it up. For others, it means measurement of the irrelevant. But, done right, it is an essential tool for digging ourselves out of our present predicament. Take education. Instead of counting the number of "education" credits teachers have accumulated, we should evaluate them stricly on the basis of their subject knowledge and their ability to communicate that knowledge in a classroom. Lawyers should be evaluated by their bar examiners for trial ability if they want to practice in the courtroom, for knowledge of the internal revenue code if they want to practice tax law. Now they are examined for neither and licensed to practice both. Organizations need to be evaluated, not by computers, as Robert McNamara and his disciples tried to do, but by human evaluators, who combine investigative, analytical, and literary skills, so that they can find out what the organization is actually doing, figure out whether it's worth doing, or could be done better, and report in a way that can be read and understood.

Skippy Peanut Butter Debate

The fear of organizational evaluation is a natural outgrowth of the fear of individual evaluation. Lockheed's employees don't want their company's incompetence exposed because their own jobs would be threatened. This is why organizational evaluation is just as dependent as individual evaluation on the individual's willingness to face losing his job. But that willingness might also lead to infinitely more interesting work. Real evaluation of the State Department could take Foreign Service Officers out of the Skippy peanut butter debate and put them to mediating and defusing those tribal hatreds that increasingly threaten us with their terrorism and possible involvement of the major powers, and to negotiating the countless international agreements needed to protect us from inflation and nuclear disaster.

Organizations need to be evaluated from the inside—by employees whose independence should be guaranteed both by their own talent and by a three- or four-year limit on how long tney can work for the organization—and from the outside by newspapers and magazines. Journalism could find a new role in evaluating government agencies and private organizations. Nobody knows whether that charity really deserves the contributions it's getting any more than they know whether HUD is really doing what it is supposed to be doing or whether what it is supposed to be doing really needs doing.

The kind of evaluation that's needed could raise journalism to a new art form in which the conventional expose would be deepened by the intellect and understanding needed to explain why things went wrong at General Motors and why they're going right at Lincoln Electric. A good place for newspapers to start would be their hometown schools and hospitals. The national magazines

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could do federal agencies and major companies.

An important part of that process would be evaluating specific jobs. What are the jobs that count? Like firemen and air traffic controllers. What are the phony jobs, where vague titles like planning analyst conceal hours of newspaper reading? Exposure of the phony jobs could do much to eliminate the fat in the economy. And even the jobs that count can stand a hard look. How can they be made to count more? For example, police could be taken off victimless crimes so that they could concentrate on effective action against crimes of violence. One result of job evaluation could be a reversal of present compensation patterns in which the action jobs are paid lower salaries and given less respect than the planning analyst. Washington is full of planning analysts making $36,000 a year while the average air traffic controller receives only $12,000. We could pay these controllers more and fire the analysts.

Ritual Thinking

When another depression may be on its way, some readers will wonder why on earth we're talking about getting rid of jobs—even phony ones. The reason is that the phony jobs are part of our basic problem. A few years ago Taylor Branch wrote an article for this magazine called "We're All Working for the Penn Central." There is no better statement of the problem. Unless we do something about our inefficient corporations and government agencies, we aren't going to defeat the other problems they help create. Real incompetence in the Department of Agriculture isn't just a bureaucratic curiosity. It has a lot to do with the way the Russian wheat deal was handled and with the other causes for our inflated grocery costs today. We simply can't afford to pay the bill for this kind of ineptitude any longer. But that is not to say that this is not a scary time, and it's going to take courage to face our problems. Powerful forces in the unions, the corporations, the foundations, the great universities, and in the government itself will resist real evaluation. The teachers we have screwed so long in salary may now screw us with their resistance to evaluation of classroom performance. The management consultants and social scientists could turn evaluation into a comedy of academese and numbers that would tell just about the same amount of truth as the body counts from Vietnam.

Probably the greatest roadblock is the ritual thinking of liberals and conservatives. Recently I read a column by George Will saying we should all try to understand the legitimate law-and-order concerns that underlie the popularity of the vigilante film, *Death Wish*. I could not help but recall another column by Mr. Will where he spoke with total contempt of the people who came for the Hearst free food. Why can Mr. Will understand the vigilante and not the hungry? Why can the liberal understand the hungry and not the vigilante? We've got to get out of these ruts if we're to restore the health of this country. From the conservative must come the liberal's humanitarian concern for income security and medical care. From the liberal must come the old conservative respect for entrepreneurship. From both must come a new respect for free criticism of institutions, including their own. Together they can produce a climate that will encourage men to want to see themselves and their organizations evaluated, to want to change from phony jobs to jobs that count, to want to reform their organization, and failing in that attempt, to form new organizations that will do the job better, to want to do well without having to kick the shit out of the other guy, to have the fun of waking up in the morning and say I know I'm going to try to do what I want to do, not what someone else thinks I should do, not what will earn me social position or paper credentials but what I enjoy doing and do well. ■

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How Not to Help Small Business

by Walter Shapiro

Senator William Proxmire expressed conventional liberal wisdom when he placed the Small Business Administration (SBA) high on the list of federal agencies that should be abolished. The SBA—the only government agency specifically designed to help the small businessman—is widely regarded as a bureaucratic joke. Located in a non-descript downtown Washington office building, the SBA itself radiates a look of, if not failure, at least defensiveness. The lobby features a display entitled "SBA Highlights," with slightly yellowed clippings from papers like the *San Antonio Light* heralding SBA activities. Outside the SBA press office are stacks of unclaimed handouts from the preceding two months with catchy headlines like "SBA Announces Foreign Trade Workshop."

The SBA's reputation as a bureaucratic backwater may be related to the historical curiosity that it is one of the few appendages of the federal government that was not fathered by an activist Democratic President. Created in 1953 as the successor to Herbert Hoover's ill-fated Reconstruction Finance Corporation, the SBA was designed to be both the government's in-house advocate for entrepreneurship and as a lending agency to provide financing—albeit limited—for small businessmen who were shut out of conventional loan channels.

It is easy to see why such an agency would have limited appeal to liberal thinkers during the 1950s, when the economic vogue was John Kenneth Galbraith's *The Affluent Society* and his argument that big (be it government or corporations) was good for us all. The SBA's current neglect is a little harder to explain, since, with the populist revival of the last several years, economic competition is again in fashion. Yet when liberals talk of stimulating competition they are invariably referring to government regulation by the Justice Department's Antitrust Division or

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the Federal Trade Commission. The idea that government should also work from the other end to foster new and existing small businesses is not even discussed. Unlike antitrust suits and other sweeping regulatory schemes, aid to individual small businessmen forces liberals to deal directly with a rather alien concept (the profit motive) and a rather unfamiliar breed of people. For while the captains of industry are often encountered these days on the East Coast foundation/study commission circuit, small businessmen tend to be an unknown quantity, seemingly isolated in the Peoria's and the Mobile's that constitute the real "other America."

Spontaneity at the SBA

An example of the breadth of this culture gap is provided by a recent interview with Henry Warren, a 53-year-old retired pump manufacturer who recently took charge of the SBA's management assistance program. At the outset of the prearranged interview, Warren, obviously new to dealings with the press, apologized for not having prepared remarks ready. Instead, he spoke from detailed notes scrawled on pieces of yellow legal paper spread out in front of him:

"We're dedicated to freeing the bird of small business and letting it fly. . . . SBA represents the finest example of the American people wanting to have a free economy. . . . SBA is like the salt that seasons the whole meal. It is vital to turn a bland dish of the economy into a well-seasoned palitable economy. . . ."

The whole performance seemed to have been lifted from an after-dinner speech to the Bakersfield, California, Rotary Club. At crucial points in his monologue, Warren would lean across his desk and stare intently for three or four seconds to emphasize a point. When my attention began to wander, Warren focussed his entire presentation on the woman from the SBA's press office who was accompanying me.

Yet despite—or maybe because of—Warren's lack of Washington sophistication, there was a sincerity, a sense of mission about him that is hard to find in government these days, this side of Leon Jaworski's office. When Warren said things like, "I'm here because I believe in the free enterprise system," he was serious. He was not too embarrassed to say, "I'm a man who came from nothing. I had an economically deprived childhood. I emerged from that to secure an economic base that will serve my children and grandchildren well. I'm here to make a contribution to the small businessman if I can."

Traditionally, when businessmen who are not plugged into the New York-Washington axis want a high government position as a frosting for their entry in *Who's Who*, they hire a second-rate Washington fixer like Robert Winter-Berger to coordinate a letter and phone call campaign in their behalf. If lucky, they might parlay this into an ambassadorship to Mauritania or at least a short term on one of the many honorific advisory committees that serve the State Department. Warren got his job by answering an ad in *The Wall Street Journal*.

This, perhaps as much as anything, symbolizes the SBA's position in the Washington pecking order. Even in the darkest days of the Nixon Administration, someone like Father McLaughlin was not recruited for the White House staff through an ad in *Catholic Digest*. But as an independent agency, the Small Business Administration is virtually without friends in the executive branch, grateful for what crumbs it is thrown by a relatively indifferent Office of Management and Budget (OMB). Nor is the SBA—like, say, the Farm Credit Administration—backed by a powerful lobby group. Small businessmen are neither a very organized presence in Washington, nor especially fond of the Small Business Administration. For example, a respected group called the Small Business Washington Presentation recently conducted a survey

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that showed that 90 per cent of its membership "did not use, did not know about, and could not relate to the SBA programs." What has kept the SBA operating for the past 21 years has been pressure from Congress, where reverance for small business is almost as strong as support for motherhood. Both Houses have select committees on small business which traditionally play a cheerleader role for the SBA. Louis Laun, the SBA's number two man, recalled that when the agency emerged from oversight hearings conducted by the House select committee in September 1973, they were filled with "euphoria. In two days of hearings there wasn't one tough question from either side of the aisle."

Real Family Feeling

Accustomed to this kind of treatment, SBA was shocked when a subcommittee of the House Banking and Currency Committee began hearings last November on "reports of alleged criminal activity involving SBA officials, employees and borrowers." In Laun's words, these new hearings "hit us like a wet rag in the face." The beleaguered agency quickly showed its outrage. SBA Administrator Tom Kleppe, a former congressman from North Dakota, denounced the hearings as "McCarthyism" (a charge he later retracted). In return, Rep. Frank Annunzio, in a remark that still rankles the SBA today, said, "Apparently people in the SBA all had a price."

The hearings began by providing a detailed account of a number of suspicious loans made by the SBA's Richmond office, which services most of the state of Virginia. For example, there was a $30,000 direct loan to the father of the district director's personal secretary. Many of the allegations centered around the efforts by Tom Regan, since dismissed as district director, to funnel more than $11 million in SBA loans and guarantees to a number of enterprises in which his brother-in-law, Joseph Palumbo, was involved. It seems probable that Regan was motivated by more than simple family feeling. While on a government salary of $32,000, Regan had purchased a 54-acre farm for $335,000 with a $300,000 loan guaranteed by his brother-in-law. In addition, Regan obtained two totally unsecured loans for $15,000 each from Virginia banks which were doing extensive business with his office. Life in the Richmond office grew so nonbureaucratic that one of Regan's chief assistants told Curtis Prins, the banking committee investigator, "I don't know whether I will be killed or what." One reason that Regan's activities had long gone undetected was that the SBA's own Portfolio Review team consisted of just eight people (since expanded to 23) with the responsibility for overseeing 72 regional offices which were approving a total of 1,000 loans per day.

The hearings have continued this year with investigations of local operations in cities like Chicago, Milwaukee, and Atlanta.

Compensatory Capitalism

One focus of the hearings has been SBA programs for minority businessmen. Not only does the SBA have lower standards for minority loans (both in terms of collateral and prior business experience), but they also serve as a prime contractor on federal projects and then subcontract the work to minority businessmen. Louis Laun, who at one time administered the program, acknowledged that it produced "one crisis after another. The phone calls just kept coming. One company is going down if they can't get another emergency loan. A second can't get the tower on a federal building completed before the deadline. And in a third case there is fraud and we have to put a lock on the firm's door to protect our investment."

Obviously, any program of "compensatory capitalism" (a term coined by Howard Samuels when he was SBA

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administrator in the Johnson Administration) is fraught with difficulties. A 1973 General Accounting Office study found that more than half of the SBA's minority loans were "in trouble." There is also a problem of defining exactly what is a minority small business. According to congressional investigator Curtis Prins, "What is happening is that there are groups going around the country, franchising black-owned minority firms. In other words, they will go out and find a couple of blacks and say, 'We want to put you in business.' The big thing now is food processing on military installations. 'We will get this company together for you, you will be 51-percent owners, and me—Mr. White Businessman—will be 49-percent owners. However, we will have some people on your board of directors who will do all your books for you, we will handle everything there is, and we will take a percentage of your profits, plus you have to pay us for all these services that we provide.' "

Missing the Big Picture

It is easy to see why these accusations of widespread corruption within the SBA appeal to congressional investigators and the press. But, as in so many other areas, well-intentioned efforts to eliminate corruption often have unfortunate side effects. One result of the charges swirling around the SBA loan programs is that it is now harder for a small businessman to get an SBA loan. Even Louis Laun admits, "For the first several months after the hearings, there was an inevitable tendency by our loan people to play things awfully safe." In other words, SBA officials reasoned that they couldn't get into trouble for loans they didn't make.

The SBA's ability to service small businessmen in search of loans is also undermined by the agency's preoccupation with its other responsibilities. Reflecting the kind of illogic that often accompanies the assignment of governmental duties, the SBA is the federal agency responsible for making disaster loans to both homeowners and private businesses of all sizes. In mid-1972 the normal operations of the agency came to a virtual halt as the SBA struggled to deal with the havoc caused by Hurricane Agnes. The entire Portfolio Review staff, for example, was engaged in disaster-related assignments from June 27 through September 30, and, as a result, there was no one free to investigate the Richmond office. While Agnes represents somewhat of an extreme, Arthur Armstrong, who runs the SBA's loan programs, admits that "a big earthquake really slows things down, too."

Any tightening of SBA loan procedures comes at a particularly inopportune time for the small businessman. Inflation and the shortage of raw materials confront small enterprises with what might best be called financial constipation. Traditionally, small businessmen have been able to extend their rather limited working capital by taking as much as 90 days to pay suppliers. Credit terms have been tightened, so it is now generally mandatory to pay within 30 days. Gone, too, are the percentage discounts that used to be granted for prompt payment. Ideally, Congress and the press should have devoted some attention to assessing SBA's ability to deal with these kinds of problems. But because of the focus on SBA corruption, the way the agency's loan programs have deteriorated into just another federal subsidy for the banking industry has been relatively

More Bank for the Buck

When the SBA was established, its major financial program was to provide direct loans with interest rates considerably below market. This program peaked in 1965, however, and in fiscal year 1974 the SBA provided only $131.6 million in such loans. Even this figure is somewhat deceptive, since almost half of these direct

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loans went to minority enterprises.

What has happened in the last five years has been an astronomical growth of the SBA's guaranteed loan program to its current level of almost $1.5 billion a year. Under this program, the SBA guarantees 90 per cent of the principal of small business loans that banks would be otherwise reluctant to make. Unlike the direct loans (with interest rates of 6.5 per cent), these guaranteed loans are at 11.25 per cent, close to the prevailing interest rates.

It is easy to understand the appeal of the guaranteed loan program to the tight-fisted economists at OMB. Since the SBA is only the guarantor, the government has to actually pay out money only if the loans are defaulted. President Ford had this in mind when he cited "the continuing success of SBA's loan guarantee program" to support his argument that a special appropriation of an additional $360 million for direct SBA loans would be "excessive" at a time "when both the Congress and the Administration are committed to fighting inflation by reducing federal spending."

To qualify for an SBA loan, a small businessman has to be turned down for a conventional loan by at least one bank (two banks in communities of 200,000 or more). This requirement allows banks to serve as the principal referral agent for potential SBA borrowers. In evaluating loan applications, the SBA leans heavily on the analysis provided by the bank which referred the loan. As a result, to get an SBA loan "someone has to first sell his proposition to his bank," explained Arthur Armstrong, who runs the program. In Indianapolis the relationship between the SBA and the local banks is so close that they arrange guaranteed loans over the telephone. Rather than fearing that the SBA will adopt the cautious attitudes of the banking community, Louis Laun praised the program as "wonderful." He contrasted the Indianapolis office with some "old-timers in the agency who were afraid to go into a bank. They regarded them as competitors." SBA lending is limited to what Laun calls "the upper-middle class of the turned downs"—roughly the top five per cent of those who can't get conventional financing.

What's in It for the Banks

When asked about the dormancy of the direct loan program, SBA officials invariably talk about the importance of involving the private sector and the necessity for a small businessman to develop a working relationship with a local banker. By now this kind of rhetoric should alert us to the real question: what's in it for the private sector?

This question is particularly relevant in the case of banks, because in their dealings with the federal government, they invariably come out ahead. Take the way the Treasury Deparment deposits millions of dollars, in non-interest-bearing accounts to compensate our largest banks for providing the government with such minor services as cashing federal paychecks. Then there is the guaranteed student loan program where the federal government in some cases has become the collection agent for bank loans to shady vocational schools.

To understand the appeal of SBA guaranteed loans to banks, let's examine a hypothetical situation where the SBA guarantees 90 per cent of a $1,000 loan at 11.25 per cent over 10 years. The bank's risk or exposure in lending the money is only $100. Within the first year, the least likely time for a loan to be defaulted, not only is this $100 repaid, but the bank also collects $111.25 in interest. For the remaining nine years of the loan, the bank continues to collect this hefty rate of interest while facing absolutely no risk that the money will not be repaid.

SBA is particularly proud that two-thirds of all federally chartered banks participate in the guaranteed loan program. It is not hard to understand why. Guaranteed SBA loans are

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exempt from the reserve requirements (about 20 per cent of a bank's assets) imposed by the Federal Reserve. Instead of putting the capital that must stand behind their loans in lower-yielding Treasury notes, these federal banks can lend this money out through SBA guaranteed loans. Not only is the bank's exposure limited to just 10 per cent, but it is able to lend at 11.25-percent interest money that it otherwise couldn't lend at all.

If the allegations made during the House banking committee hearings are true, there is a third element to this SBA subsidy—"bank bail-outs." That is when an SBA-guaranteed loan is substituted for a conventional bank loan that is in danger of defaulting. Although a technical violation of SBA regulations, it is easy to see how such government-guaranteed refinancing could be arranged.

More Equity Funding Needed

Although clearly preferable to this guaranteed loan program, direct SBA loans should not be regarded as a panacea for the problems of the entrepreneur. It is unlikely that a significant portion of SBA loans will ever be put into forming new enterprises. Arthur Armstrong admitted, "New business lending is the toughest. "Outside of the minority area, SBA loan programs are geared toward the problems of existing small businessmen.

Part of the problem is that most new enterprises need equity capital rather than direct loans. During the first rocky years of any new enterprise, it is unlikely that there will be enough money coming in to pay off the principal—let alone the interest—on a loan. In 1958 the SBA made a faltering start in the direction of providing venture capital by establishing Small Business Investment Corporations. Although under private management, SBICs obtain the right to borrow money indirectly through the SBA in exchange for making a commitment to invest in and lend to small businesses. Unfortunately, the SBICs disperse only about $200 million annually and only a fraction of this is in the form of equity capital for new ventures. Even without a revival of the American entrepreneurial tradition, it has been estimated that if SBICs dispersed $1 billion annually, they wouldn't come close to meeting the need.

Louis Laun said candidly, "Right now it would be damned hard to get someone to put up $100,000 even if you had an idea as hot as Xerox." The root of the dilemma is that the two major sources of business capital (banks and the stock market) are virtually closed to new ventures. Bank lending is severely limited by their proverbial caution. And despite the free enterprise myths that surround it, the stock market route is generally limited to large and medium-sized businesses trying to expand. Against this backdrop, it is unrealistic and rather unfair to expect a hapless and underfinanced government agency like the SBA to make a significant difference.

For those searching for a quick fix, perhaps the most promising place to look is our much-maligned tax laws. Although it is almost criminally easy for the wealthy to limit their taxable income in other areas, it is surprisingly difficult for an investor who takes a loss on a new venture to recover part of it on his taxes. There are a few loopholes that do permit the deduction of this kind of a loss, but they are generally open to only the handful of small businesses with access to our leading tax attorneys. Even under these little-known statutes, small businesses face a host of restrictions. To qualify they must either limit themselves to just ten investors or go the almost absurd route of trying to obtain equity capital without granting voting stock in return. In the same way that the introduction of some form of progressive business taxation might lessen the current trend toward bigness, a liberalization of this one aspect of our tax laws might help give us the venture capital we need. ■

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THE SCREWING OF THE AVERAGE MAN:

Why the Victim is Co-Conspirator

by David Hapgood

In a nation where the machinery of democracy is available for our use, why do we not take political arms against those who are taking us to the cleaners?

People continue to be screwed because a large number of losers actively support the system that screws them. Throughout history, systems of exploitation have depended not just on the passive obedience of the majority but on the active support of losers who were one step off the bottom; indeed, it is they who usually do the day-to-day work of administering the system, while the beneficiaries play. In ancient Rome, they were the small farmers who joined the legions and fought so that wealthy Romans could acquire enough slaves to man the plantations that put the small farmer out of business. In the American South before the Civil War, they were the house slaves and overseers who managed the plantation while Massa was out boozing or chasing Scarlett. To take the extreme example, in the concentration camps they were the inmates who helped run the camps for the Nazis right up to the moment that they, too, were shoveled into the gas chambers. In all those cases, however, those who administered the system were a small minority compared to the great mass of outright losers. The great accomplishment of modern America is that this minority has been converted into a majority: most of us, that is, apply our skills and labor to working the machinery by which we are exploited. In the terminology of the old South, we have become a nation of house niggers.

It is discouragingly difficult to identify screwings that seem possible to reverse and are also big enough and frequent enough to be worth the effort. The total potentially available for redemption is certainly high enough—so large, indeed, that one can hardly put a price tag on it.

In practice, however, we cannot find a handle on the total. Instead, we are confronted with an endless series of swindles that are either small or infrequent, or both. One example is the hundreds of millions of dollars paid out by the Treasury every year to subsidize the U. S. maritime industry; as its administrator explained in its defense, it costs us each year only a shot and a beer apiece, hardly grounds for an uprising. Another example, closer to home, is the multiple small bites taken out of us by our bankers. It is hard indeed to imagine a mass movement against the arrangement by which the bank gives us only 360 days' use of the loan on which we pay

David Hapgood is a contributing editor of The Washington Monthly. *This article is from his book,* The Screwing of the Average Man, *to be published this month by Doubleday.*

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365 days' interest. Other swindles are insulated from popular wrath because, like a comet, they come around at rare intervals. Probate is one example. The financial carnage that takes place at a real estate closing is another; the closing industry in general, and title insurance in particular, survive on the fact that the victim does not expect to go through this again soon, if ever, and so has no motive to go out and join an anti-closing movement.

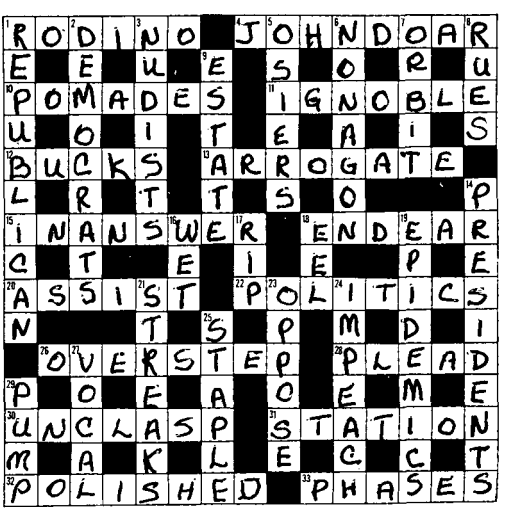
The Youtoo Affair

The corrupting influence of the phenomenon known as "youtooism" is a more profound reason for our acquiescence. Youtoo is a threat as well as a promise. The promise "we'll take $50 off your taxes, and a million off Rockefeller's," carries with it the unspoken message: "If you don't like that, we'll keep your $50." Similarly, Massa's message to the house slave was: "You want to be out there chopping cotton, boy, or in here mixing juleps?" The promise of youtoo keeps the average man's eyes directed upwards, to what he might, if he is lucky, attain, and once he identifies, even if only in his dreams, with those above him, he will feel envy rather than resentment at the way they screw people like him (not himself personally, for such screwings as tax evasion never appear to be directed at anyone in particular). Reformers run into this attitude when they find that working-class people typically are more resentful of welfare than of corporate chiselers. The reformers may hastily conclude that people are just plain ignorant, but it is an insult to the average man's intelligence to suppose that he doesn't realize that the monopolist and Lockheed and the other beneficiaries of socialism-for-the-rich cost him a lot more than those people on welfare in the next neighborhood. Most people are doubtless well aware of that reality; if they don't respond, it is because in some measure they identify with the person doing the screwing: one day they themselves or, if not they, their children, will be defense contractors or tax loopholers or members of professional guilds. The odds that the average man will ever make it into the big leagues are remote indeed, but the possibility is there, and envy is no launching pad for revolution.

A more veiled form of the youtoo threat is the practice of directing the average man's attention to comparisons that make his plight look good. This is the you-think-you're-bad-off approach. It is true that the average man is better off in Buffalo than in Bombay, but that observation does not seem to explain why he should be screwed in either place. (It should be noted that this line has yet to be extended to more tangible transactions. We do not hear the car dealer say: "You think you got a lemon, you should see the car I sold Jones—didn't even make it to the corner!" Or the surgeon: "You call me a butcher—at least you're alive to complain, which is more than you can say about my last patient.")

The you-think-you're-bad-off approach trades on the principle that we decide how well off we are by comparing our position to that of others, not to some absolute standard of what we ought to have. This makes what others have important, especially

Answers to September puzzle:



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those below us; if, under the youtoo principle, the average man envies those above him, he will not resent the fact that people further up the ladder are pulling steadily away from him—that's where he hopes to be some day. Viewed this way, however, a gain for those below us is a loss for us: so tax reform in New Jersey was defeated by working-class voters who, though they would have gained by the reform, saw that the poor would have gained more, narrowing the gap between them. Taking the idea one step further, if their gain is our loss, then their loss is our gain. Hence the cheers that a promise to punish those on welfare can draw from people one step up the ladder. Thus what appears to be kicking people when they're down—which, by the way, is the only safe time to kick them—is an effort to raise our comparative status by diminishing theirs.

Too Many Gooks Spoil the Broth

Another corrupting influence is Gookery; it and its relative, the Menace, help convince the average man to hold still for the treatment. Gooks originally were Asians whom our troops felt free to kill in ways frowned on by the Geneva Convention. In a broader sense, Gooks are people we don't have to treat like people: we can abuse them in ways forbidden by the usual code of behavior. Foreigners are frequently Gooks; so are those of another color and of a lower class; women and children are often Gooks; slaves are Gooks by law. Of course, who is a Gook depends on whose eyes you're looking through, and one man's Gook is another man's paisano. In tribal society, the condition of Gook grows in concentric circles moving out from the individual: the degree of fidelity that you owe decreases as you move out from family to clan to tribe, until those on the outermost rim are total Gooks. The lines are clearly drawn, and the person at the furthest circle knows that you are as complete a Gook to him as he is to you. In modern America, the lines are badly confused, for the reality of Gookery is hidden by layers of hypocrisy and wordnoise proclaiming that in a democratic society no one is a Gook, that we are all people. This makes it difficult for us to determine whether those in a position to screw us—the professional guilds, the bankers, the monopolists, the pension plan administrators, and so forth—when they look at us will see Gooks on whom it's open season or people who are protected by some kind of domestic Geneva Convention. When he ventured out on Wall Street, for example, the little guy might well have asked himself if he was coming on as a Gook.

The question is particularly important when we are dealing with that rapidly growing army of experts who ask us to take their mysterious ministrations on faith, for we have few independent means of checking on whether they are gooking us. In the old days, we all knew that you had to sell your goldbrick outside the tribe, but now we no longer can be sure who is in the tribe and who isn't. For the average man, the grand illusion is that he has at last moved up out of Gook status. Two generations ago, when he was in the working class, the average man knew he was a Gook to his superiors. Then it seemed, during that great quarter-century after the Second World War, that he had climbed to the point where those above him could distinguish him from those he had left behind, and therefore treat him better. Now that the pie is no longer expanding, now that the rich can only fatten their share at the expense of the average man, that illusion is fading. Instead, it is increasingly obvious, as the average man looks up the ladder in the hopes of a sign of friendly recognition, that those looking down at him see merely—another Gook.

Gooks are often dressed up as Menaces to distract the average person from his own Gook status. Jews, for

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example, served European nations for many centuries as a peril that took people's minds off the screwing of the average Christian. American Menaces tend to come painted in bright colors to make them more fearsome. Yellow Peril was waved at West Coast workingmen in the late 19th century. Black Menace was employed at the turn of the century by Southern aristocrats to secure the votes, and the money, of poor whites; he has recently taken on a similar assignment up North. Today Red Menace stands there like a figure in a shooting gallery to take the blame for the screwing of the average American—though it has never been made clear why the nastiness of the Russians should entitle those who point it out to us to stuff their hands in our pockets. Not long ago columnist Russell Baker reported on the high-level concern over the impending retirement of the Great Communist Menace. The leadership was casting about for a successor Menace, but none of those nominated seemed to approach the stature of the incumbent. Baker's column was said to have caused distress bordering on panic in Moscow, where it was feared that the Menace's retirement would force out of office his Russian twin, the Great Imperialist Warmonger. This would have ended many years of fruitful collaboration during which the two brother Menaces had made such mutually profitable arrangements as the sending of submarines to surface off the other fellow's shores—around Florida and Murmansk—about the time the respective defense budgets were being decided upon. The reports of the impending retirements proved to be greatly exaggerated, however, and at this writing the twin Menaces, though a bit creaky with age, were still on display, reassuring the average man in both countries that he is being swindled for his own good.

Power to the People?

History suggests that our question —why do we take it?—can best be answered by the observation that we always have. Around this earth over the endless centuries, we humans have had any number of opportunities to create societies fit for the average man—and the record of failure suggests that the odds against our ever doing it are pretty long. Many a movement has been led for the purported benefit of the average man, and all have come to naught. Some, like the Russian Revolution and the American labor movement, have been betrayed by their leaders, who, once in power, decided that screwing the average Russian or union member wasn't such a bad idea after all. Others were betrayed by the average man himself: Nat Turner's men were gunned down by their fellow slaves, and a couple of generations later in the same region, the Populists failed when the poor whites were persuaded to turn against their black allies. Still other movements decayed after a brief success, as the French Revolution in less than ten years rotted into Bonapartism. The quick decay of a promising opportunity occurred in the early days of our own West. Matthew Josephson in *The Robber Barons* describes how quickly the average man was subdued in the years after the Gold Rush:

> So in the second decade of the Pacific Slope's terrestrial paradise, the cycle is already completed, the arc defined. Out of the strenuous milling of free frontiersmen, two or three Yankee shopkeepers emerge, a derelict lawyer from the East, a pair of practical Irish miners in collaboration with a pair of Irish saloonkeepers, an English invalid gambler, a land-jobber, a drover and innkeeper from Indiana, these have banded together to form a ruling class, by something equivalent to an imperceptible process of coup d'etat have seized all power, all economic control. . . . The human masses of free pioneers who came yesterday plodding over the desert route, with its trail of ox and horse skeletons and wrecked wagons, its numerous mounds of graves, braving storms, flooded rivers, thirst, hunger, heat, and Indian raiders—these and their children and their children's children are all in subjection to princely and dynastic overlords, who rule by "use" and "wont," who "own" because

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they own, and are well seized of so much land, forest mineral deposits, harbor rights, and franchises and rights of way because they have seized.

The details vary, but the story has been told a thousand times. That doesn't mean nobody is trying. A look around the country provides us with ample grounds for hope—and despair. To name just a sample few: here's Ralph Nader and a bunch of public interest lawyers fighting an array of dragons; there's Common Cause, and Consumers Union has been around for almost 40 years. And many, many others. Each has valuable achievements to its credit; none has altered the essential lines of the society in which they operate. They are mortal, and the system is not.

Exploited human beings evidently find it comforting to have a faith that assures us it's not our fault but the way of the world. Organized religion has traditionally played the role of justifying the social order, explaining to the average man why it is right that the privileged, including the priesthood, should eat high on the hog while he roots for scraps. When Pharaoh's bureaucrats summoned the common man to work on the pyramid, they spoke with the authority of the gods of Egypt, and later gods have continued to countersign the decrees of those in power. Often the average man is promised in return for his sacrifice the kind of reward that does not require anyone to put money in the bank. The purest example is the Hindu doctrine of karma, under which the good serf will be rewarded for his obedience and the bad landowner punished for his cruelty—but later, in their next incarnations. It's doubtful that the Indian peasant really believes this; more likely he would seize the opportunity to trade places with the landlord even at the risk of coming back next time around as a cockroach. Still, the peasant is going to be screwed in any case, and karma gives him a rationale for his existence and something to hope for in his more credulous moments. Viewed from the proper angle, it can be seen that the Brahmin is doing the peasant a favor by offering him the consolation of faith.

Brand-Name Patriotism

Faith in modern-day America is more secular than karma. It is faith, without benefit of the afterlife, in the American system and its products—a kind of brand-name loyalty. Its political form is patriotism—a belief that we are better off being screwed by our own ruling class than by another one—and war calls upon us for its most extreme expression. In a democratic society, this sort of faith has a particularly strong element of self-justification. If we are screwed not because God wills it but because we permit it, we can avoid the implied self-reproach by denying that there is anything wrong—denying, that is, the fact of the screwing. To admit that we're being screwed and could perhaps prevent it would imply hope,

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which is painful, and the need for action, which is frightening. So we dismiss the problem and renew our faith. We can observe that faith in the example of the two men loyally arguing the respective merits of their cars, while, somewhere inside, both of them are aware that the cars are equally overpriced lemons. Those who are screwed the most are the least willing to admit it—the poor, who are hit by more than the average share of credit frauds, are those who react most angrily when someone points out how they have been taken. Neither they nor anyone else likes to admit that he's been suckered. This self-protecting faith is an asset without price to those in power.

The average man's faith in America has of course eroded spectacularly in recent years. A generation ago, during the years that were fat, that faith was probably at its all-time high. Then the faith began to fade, while the average man was still inching ahead, like one of those mythical stocks that predicts a turning in the market. Religion went first when God died, somewhere in the suburbs, back in the late 1950s. Other institutions followed. Belief in the political order faded, never more noticeably than when American officers in Southeast Asia found themselves unable to force their draftees into dangerous assignments. Finally, skepticism flourished when word began to come down from the top that the growth years were over, that more-is-better was an impossible dream; it was probably true, but the average man could not help observing that those telling him to tighten his belt were the very people who had already lapped up all the heavy cream. Some of society's winners were, it is true, temporarily exempt: a 1973 Harris Poll showed a rising faith in doctors and bankers, from which one might conclude that if you're going to screw people, it's best to do it with dignity. Despite such exceptions, every indicator from polls to simple intuition told us that the average man had suffered a massive loss of faith in the system in which he lived. Instead of the promised Greening of America, or the Graying of America prophesied by some, we are now confronted with what we might call the Souring of America.

Beating the House Odds

This Souring of America is cause for mingled fear and hope among those of us who would like to see an end to the screwing of the average man. The outcome depends on the use we all make of that frighteningly vast quantity of faith that is floating around, like unrequited molecules, in search of an object to which it can attach itself. Those who have lost faith in the existing order can seek new authority, or they can place their faith in themselves. We are in danger of succumbing to whatever messiah can capture all that free-floating faith. To the phony complexities inflicted on us by the experts, the messiah will oppose the false simplicity of his solution. Whatever its specifics, the essence of his message will be: give the power to us, let us run it for you, lay that burden down. If we heed the message, if we lay down the burden of determining our own fates, then all history tells us what will happen next: today's messiah will tomorrow be selling us used cars, or far worse. Or we can decide to do it ourselves. Each screwing has its solution—several of them in most cases—but none will come about without the active support of the average man himself. That doesn't mean each of us has to figure out the fine print of the experts: we know that's not going to happen. Between the two horns of that dilemma—leave it to messiah or read it ourselves—there is room if we know how to use it. We can have our own experts if we will only learn to recognize them when they raise their heads, and they will continue to be ours if we hold them by the scruff of the neck. That's democracy. If we can make it work, we can beat the house odds. ■

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Tidbits and Outrages

Caspar the Courageous

This month's courage in government award goes to HEW Secretary Caspar Weinberger. Responding to the charge that enforcement of school desegregation was far more stringent in the South, Weinberger explained that was because "opposition to busing and various forms of desegregation is far stronger" in the North.

Saving It for Simon & Schuster

In the days surrounding Nixon's resignation, readers of *The Washington Post* who wanted the inside story of what had happened in the White House were doomed to disappointment. There was, to be sure, a massive special section on Nixon and Watergate, but not one news story devoted to what Haig and Kissinger said to Nixon and Nixon said to them that week. It develops that Woodward and Bernstein are going to write the story as a book for which they have received a $300,000 advance from Simon and Schuster. The Knight newspapers, *Time*, and *Newsweek* all published the story before the *Post*. *The New York Times* reported it only after the other three had gone to press. Of course the *Times* staff had been busy that week putting together another book, *The End of a Presidency*. Perhaps we should all cancel our *Times* and *Post* subscriptions and join the Book-of-the-Month Club.

Interface Follies

The *Washington Star-News* recently reported that the Army's computer can't talk to the Navy's computer or, for that matter, to the digital wonder operated by the Air Force. This could create some problems, admitted Navy Commander Frank Kretchman. Kretchman said that there would be problems if a Navy plane were heading toward an Army anti-aircraft installation which is on alert. "In such a case, seconds count," and at present the Army can't tell "directly, instantly" that the Navy plane is on our side. A group called the Joint Interface Task Force is studying the problem.

No Siricas They

Elsewhere in this issue we urge vigorous enforcement of the laws against violent crime. One of the more conspicuous current deficiencies in such enforcement concerns the maiming and murder of workers through corporate violation of safety laws. The Bureau of Mines, for example, ordered United States Steel to pay a fine of $7,500 for negligence that resulted in the death of a West Virginia coal miner, but the government subsequently compromised the case for $300. A total of $44,379,268 has been assessed against the nation's coal companies for violation of safety laws, but the government has collected only $6,901,850.

Over at the Atomic Energy Commission, where safety violations threaten not only the workers, but all of us, enforcement is equally zealous.

According to David Burnham of *The New York Times*, Commission investigators found a total of 3,333 violations in 1,288 of the 3,047 installations they visited in the last fiscal year. Ninety-eight per cent "caused or were likely to cause radiation exposure to employees or the public in excess of permitted limits, involved the release of radioactive materials in the environment beyond permitted limits or were a security threat."

"During the year," reported Burnham, "the commission imposed punishments on only eight occasions. It revoked the license of two small companies and levied civil penalites against six others totaling $37,000."

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Graduate School for the Generals

by Maureen Mylander

College directories do not list it, and most taxpayers do not know about it. But there is a highly respected college in this country where tuition is free, the faculty does not teach, students do not protest, and no one fails the course. The school offers a free trip to Europe and Latin America each spring and a chance to earn a fast master's degree from an accredited university. Lecturers like Edward Teller, Henry Kissinger, and sometimes the President himself share the nation's secrets to prepare the students to make national defense policy. Graduates stand close to a 50-50 chance of becoming some of the most powerful men in the world.

This description fits the National War College, one of five schools for future generals and admirals. The National War College, Industrial College of the Armed Forces, Army War College, Naval War College, and Air War College are where the services put the final polish on their brass.

Few people outside of government and academic circles know much about these schools. Their affairs are "off the record"; classes are closed to the public and press. Still, war colleges are the best windows civilians have on the military mind, even if the panes are a bit steamed over.

War college attendance is an essential punch on an Army officer's career ticket. Although the Air Force and Navy consider attendance less important, nearly all Army generals have graduated from one of these institutions. Occasionally a few fireballs, marked for success from the start, by-pass the schools. William Westmoreland, for example, taught at the Army War College but never studied there. Joseph Stilwell objected vehemently, and successfully, to attending the school. When Omar Bradley applied, Stilwell asked, "Brad, why do you want to go to the War College to learn to do what you don't want to do anyway?"

Modern officers share an ambivalence toward war college, recognizing that their year at the school will probably not compare in substance with what they might learn on a command job. But they also realize that the important thing is not actually attending the college but being selected for it, and thereby out-

Maureen Mylander is author of The Generals, *(Dial Press), from which this article is adapted.*

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distancing the vast majority of their peers. As one graduate said, "These men aren't really interested in learning anything at the war colleges. They're just interested in becoming generals."

Consider for a moment the structure that makes war colleges inaccessible to all but the exalted. The Army officer education system is a pyramid. At the base are dozens of schools where men learn fundamental skills of their military branch or specialty, be it maneuvering tanks, firing mortars, or pushing buttons. Nearly all officers attend the basic career courses. These schools—the Army Infantry School at Ft. Benning, Georgia, the Armor School at Ft. Knox, Kentucky, the Field Artillery School at Ft. Sill, Oklahoma, to name a few—also offer advanced and specialized schooling to all Regular and Reserve career officers. Next come five command and staff schools and, atop the pyramid, five war colleges.

The competition heats up at the command and staff schools. In the Army, for example, only half the Regular officers and a handful of Reservists ever attend. About 3,000 officers graduate annually from the interservice Armed Forces Staff College in Norfolk, Virginia, the Army Command and General Staff College at Ft. Leavenworth, Kansas, and similar Navy, Air Force, and Marine Corps institutions. These "junior war colleges" teach how to fight wars, and groom majors and lieutenant colonels or their Navy equivalents for higher command and staff jobs.

One way or another, for most officers the command and staff schools are the end of the educational, and career, line. Those who hope to rise higher must attend a war college.

In selecting war college students each year, the Army claims it starts with a pool of more than 7,000 eligible officers—in reality the pool is much smaller, since only the 1,000 Leavenworth graduates receive serious consideration. The pool is slowly reduced to about 300 lucky winners. The chosen few—mostly lieutenant colonels in their early forties with 19 years of service—have about five years to wait for the first star.

In theory the National War College was to be the apex of the military school system. The school opened in 1946 at Ft. Leslie J. McNair in Washington, D. C., after government leaders decided that the complexities of modern warfare required an interservice institution to teach officers the operations of the other services. Meanwhile another, more technical school, the Industrial College of the Armed Forces, set up operations at Ft. McNair and soon declared itself equal to its neighbor.

But the schools at McNair were latecomers and could not supplant what already existed. The Navy had operated a war college in Newport, Rhode Island, since 1884, and the Army's had existed since 1901. In 1946 the newly formed Air Force established still another war college at Maxwell Air Force Base, Alabama, and in 1950 the Army reopened its school, which had closed during World War II, in Carlisle Barracks, Pennsylvania. These war colleges each became a carbon copy of the National War College, and before long there were five schools, officially of equal status, where one or two would have sufficed.

In military circles the ultimate measure of status of an institution or assignment is whether it moves an officer another step forward on the road to the general's stars. On the basis of selection rates since World War II, the National War College, with an annual enrollment of 140 students, leads in prestige. If a visitor wandered down its halls, nearly one out of every two students he bumped into would be a future general or admiral. The historical rate is somewhat lower at the Army and Air War Colleges and at the Industrial College, and lowest of all at the Naval War College. By 1969, 151 Army, 107 Air Force, and 30 Marine generals, 80 admirals, and 55 ambassadors on active duty were National War College graduates. They

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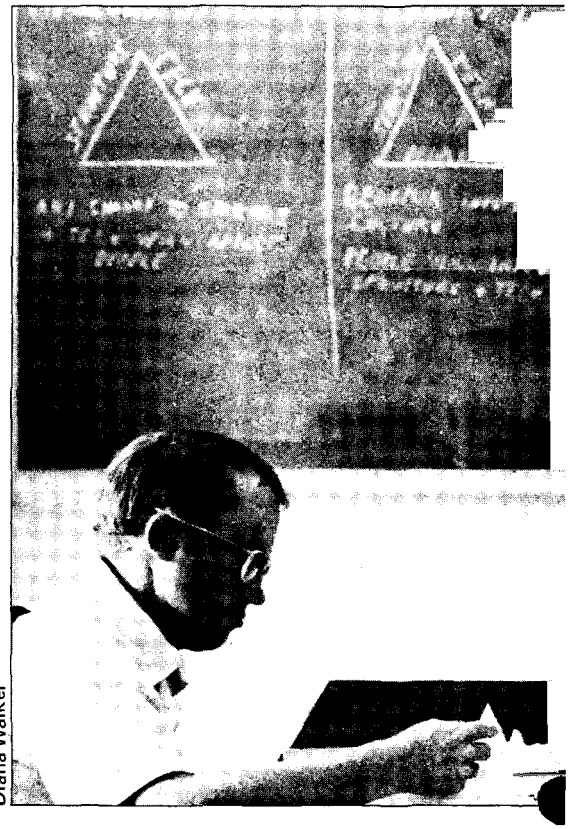
represented a large majority of the top brass in all the services.

The war colleges reflect a military vastly different from that of pre-World War II days. Soon after the U. S. entered the war, officers were not only conducting military operations on an unprecedented scale, but also administering occupied territories, and even framing constitutions and "spreading democracy." Their duties expanded in pace with foreign and military aid programs, mutual defense pacts, the nuclear age, and the cold war.

A sense of high purpose prevails as war colleges prepare their charges for duties that have branched far afield of strictly military concerns. The National War College sets the tone for the others. An early catalog noted that graduates would ". . . exercise a great influence on the formulation of national and foreign policy in both peace and war. . . ." The academic year begins with a look at the current world situtation; proceeds to analyses of Communist and Free World states, developing nations, national resources, defense management and military strategy; and ends with a national strategy seminar and 30-year projection of national security policy. A similar approach prevails at most of the other schools.

90 Minutes With the Great

The officers who make up the faculty do little teaching and considerable paper-shuffling, while the students learn what they can from visiting speakers. In recent years the speakers have included Dwight Eisenhower, Lyndon Johnson, Dean Rusk, Henry Cabot Lodge, Henry Kissinger, George Kennan, Margaret Mead, Edward Teller, Willy Brandt, Barry Goldwater, and numerous industrial and military leaders. Critics have accused the war colleges of weighting guest speaker lists with conservative spokesmen. Dwight Eisenhower rose to defend the Industrial College on such an occasion, telling a Senate committee that, to the contrary, even



Diana Walker

Democrats like Dean Acheson had been invited to speak.

A typical day at the National War College begins at 9 a.m. when a guest lecturer addresses the class. From 10:00 until 10:30 students question the speaker, then small groups of a dozen officers discuss the topic of the day. In the afternoon students work on research papers, meet with faculty advisors, or play golf. Every Monday morning an officer finds in his mailbox a detailed schedule of what the week will bring: lectures, after-lecture conferences, seminars, committee meetings, discussion groups, physical training, and occasional pep talks from the Commandant. The mailbox is also stuffed with reprints of lectures, copies of journal and magazine articles, chapters and excerpts from books. In one year at the National War College this amounts to about 5,000 pages of text. Rarely does the school assign an entire book, although it urges students to read in

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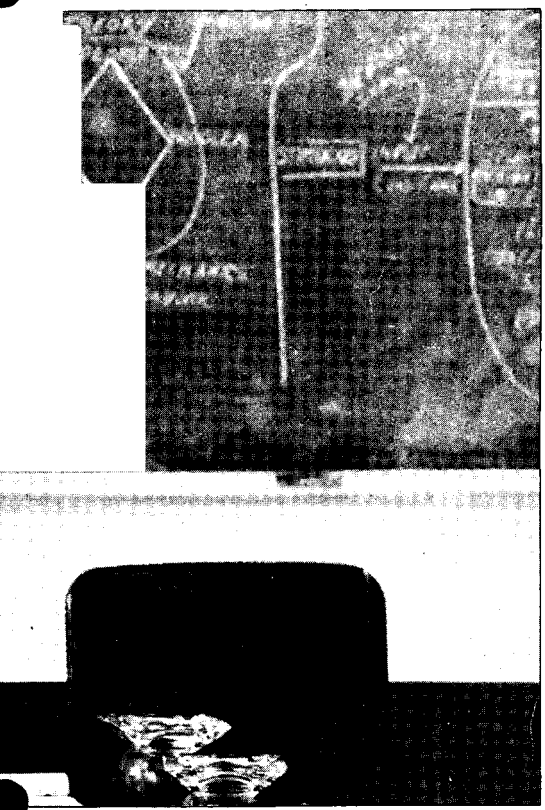

their "spare time."

The Industrial College of the Armed Forces also sets a fast pace. Its course on the U. S. political system includes a lecture analyzing American democratic institutions, political philosophies of the founding fathers and their relevance today, relationships between political theory and practice, and current trends. Then, *the next day*, students peruse Western Political Heritage from the Greek city-states to modern times, including the major contributions of each principal era. By the end of the first week, the class, in addition to the above, has disposed of the American Scene Today, the Social Environment of Governments, and the Theory of Power. During ensuing weeks the officers plow through studies of management, economics, industry and labor, science and technology, human and material resources, and U. S. defense programs abroad. How do the students absorb all this? They are not even expected to try. They just sift out what interests them and ignore the rest.

War colleges supplement their high-gear courses with educational gadgetry including extensive closed-circuit TV networks, video-tape machines, and computer-assisted instruction. The Industrial College students play computer "games" or simulations of defense decisions on, say, procurement of a new weapons system. In an international relations exercise, student teams pretend they are political leaders of various countries and make political, diplomatic, economic, and military policies. An Industrial College official once commented that it is only a short step from the world of simulation to the real world of decision-making.

The only measure of student output is the research paper. Students may choose their own topics—subject to approval—but most rely upon school lists of subjects reflecting current and future military and national interests. In one Army War College thesis from the late 1950s, the author, who later became a major general, devised a strategy for guaranteeing allies among the Soviet people:

> . . . at such time in the future as we might find it necessary to invade the U. S. S. R. It is urgent that the United States [prevent the] Kremlin from convincing the Soviet peoples that the United States is plotting their destruction. . . .

The writer cautioned that the use of nuclear weapons should "provide for reasonable safety of the peoples who would ally themselves with the United States. . . ." He gleaned the information for his paper from ten references, including the *World Almanac* and President Eisenhower's second inaugural address.

Another thesis from the 50s, "1970—Enough Workers and Soldiers?", reasoned that the U. S. will need 18.4 million men in uniform in case of global war in 1970. The writer, who became a brigadier general, calculated this figure by projecting the proportion of military to total population at the peak of World War II. He

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later noted that while 18.4 million physically fit men could be tapped for military service in 1970, this would leave a deficit of six million in the labor force. He proposed filling the gap by hiring the handicapped and putting women to work. In leafing through these works, a reader encounters old friends like "all-out nuclear war" and "the threat of Communist domination" and "H-hour readiness." The Army calls the writings a prolific source of original thought, but, understandably, does not disseminate them widely.

In contrast to the low- and middle-level schools, where competition becomes a disease, at the war colleges there are no grades, no rankings, and apart from the papers, no required output. The ambiance is relaxed, at times resort-like. The springtime trips to Europe contribute mightily to that atmosphere. In April, for example, National War College students fan out in Air Force planes to Europe, Central and South America, the Mideast, Far East, and Africa. A typical three-week itinerary might include Buenos Aires, Caracas, and points south. Or they might visit Paris, London, Madrid, Vienna, Cairo, Teheran, Tokyo, and other places of military importance.

The Industrial College calls its three-week tours of Europe, Latin America, the Middle East, and Far East an essential part of the curriculum. The trips give students "a first-hand view of economic and industrial developments in other parts of the world. . . ." In another field trip, Industrial College officers meet top executives of about 70 major U. S. corporations.

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Briefs in the 'Bedroom'

The war colleges seem to have all the advantages as they prepare generals-elect for future political and military roles: famous graduates, impressive physical facilities, cohesive student bodies, illustrious lecturers, excellent libraries, interesting field trips, and even "cooperative graduate degree" programs, under which civilian universities such as Georgetown and George Washington grant partial credit toward a master's degree for war college work. The schools have improved their teaching staff, made administrative changes, and tinkered ceaselessly with their curricula. Yet in trying to generate an atmosphere conducive to creative, original thinking, the war colleges have failed.

The reason for this failure may lie in that exemplar of military thought, the briefing. Its purpose is to communicate, or not to communicate, depending upon the briefee. At a press briefing, for example, the purpose is often to keep the secrets in or to make a sales pitch. Still, the briefing—"executive summary" in civilian circles—is a thing of beauty in the hands of its ablest practitioners and an indispensable aid to making it in the armed forces. General Earle Wheeler's briefing skill reportedly so impressed President Kennedy that it helped propel the general into the Army

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Chief of Staff's job.

The war colleges offer students the facilities and opportunities to hone this instrument of persuasion to perfection. At the National War College, students often spend more time consulting with the public speaking instructor and audio-visual department about the form of their presentations than with the faculty about the content. In the true show-biz tradition, briefers at the Army War College frequently rehearse and even have understudies. When a team of briefers appears on stage, spotlights dim, brighten, and play back and forth upon alternating speakers, according to pre-arranged instructions. On one occasion a visiting female briefer was even presented a bouquet of red roses at the end of her performance. Backing up the thespian contingent are large-screen slides with magic wand overlays, props, and sound effects. During a presentation at the school's National Strategy Seminar in 1972, a briefer referred to some remarks made by CIA Director Richard Helms two days earlier. Immediately, Helm's recorded voice boomed back, while his picture appeared on the screen.

Meanwhile, the audience sits in seats so comfortable that students have dubbed the auditorium "the big bedroom." It has perfect acoustics and supersensitive microphones at every other chair. When a member of the audience has a question, he pushes a button which lights up a control panel at the moderator's podium. This enables the moderator to call upon the questioner by name, since the audience sits in pre-assigned seats. If a student has a related question, he holds up his hand and makes an "O" symbol with thumb and forefinger so that he will be called upon next. The chairman flashes a green light—visible to the audience but not the speaker—whenever the former needs questions from the floor. On the wall at each side of the stage, signs light up to indicate the security classification of material under discussion. And there is a sound-proof, glassed-in room at the back of the auditorium for students who arrive late or who have colds and are likely to cough or sneeze.

Would Socrates Like the War College?

The briefing is both symbol and symptom of what is wrong with the war colleges: preoccupation with form over content. The schools permit their charges to range over vast expanses of subject matter but keep the herd moving so fast that there is scant time for intellectual grazing. The danger of this approach is that it creates an unjustified sensation of expertise.

There is also a philosophical undercurrent to briefings that invariably seeps into the war colleges: a belief that officers must, above all else, vigorously defend the service point of view to all comers, all questioners, all critics. With blind faith a virtue, free inquiry becomes secondary, whether by accident or design.

As one illustration of the taboos against controversy, in January 1967, Air Force Major General Jerry D. Page was relieved as Commandant of the Air War College and was transferred to Okinawa. According to Hanson Baldwin of *The New York Times*, Page's removal stemmed from his criticism, during a 1966 seminar for reserve officers, of bomb shortages in Vietnam. Air Force Chief of Staff General John P. McConnell, said Page was relieved because of dissatisfaction with some of the forums he conducted, though not with that one in particular. It would perhaps be utopian to expect pure academic freedom at an advanced military school, but the incident does raise obvious questions about the possibility of free inquiry in the colleges.

Faculty members at the war colleges come under much the same constraints as their commandants. Moreover, they are primarily administrators and discussion leaders with scant knowledge of subjects they "teach." While qualification levels are rising and most instructors now hold

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master's degrees—many of them from war college degree mills—there are few Ph.D.s. The degrees themselves are less important than the low incentive for any genuine teaching effort. If Socrates himself were on a war college faculty, he would be told not to teach, but to draw up some reading lists and a tentative outline for next year's course, and escort a guest speaker around the quad. Socrates would probably resign or drink hemlock, thus contributing to the high turnover rate. But frustrated faculty members need not follow Socrates' example. They know they will soon be reassigned.

For years numerous critics, review boards, and students have pressed for more civilian academicians on war college faculties. All have been voices in a bureaucratic wilderness. Whether from distrust of wrong-thinking outsiders, or from a wish to keep their curricula "pure," the war colleges have shut their doors to civilian instructors and have relied instead on the guest lecturers for the appearance of intellectual fire power. Despite the impressive array of imported talent, students rarely have more than an hour to question a speaker before he sits down to a glass of sherry and a pleasant lunch and then is whisked off to the airport. As a result, students claim they learn more from one another than from lecturers. This has its advantages, but, more often than not, discussion descends to the level of lowest common denominator.

Ignoring the Past

By civilian standards, it would be charitable to call the war colleges even second-rate academic institutions. While many of their faults also exist in the civilian educational world, the defects seldom occur in such great concentration. But what about the war colleges' own standards? What have the armed forces traditionally expected of their schools for generals? If the only object is to transform specialists into generalists (no pun intended) and to expose them, however briefly, to the complicated range of factors affecting top-level decisions, the war colleges do a good job.

But even if one grants, for the sake of argument, that the war colleges, like the European Grand Tour, need only be a broadening influence, how well do they succeed in preparing future generals for high military command? First-rate military leadership is not a threat but a complement to civilian control of the armed forces. The more the generals bicker among themselves in interservice rivalries, and the more they are wedded to out-of-date concepts, the more difficult it can be for the civilian leadership to exercise genuine control. First-rate leadership in the military calls not only for good tacticians or technical experts but also for intelligent strategists or thinkers to take a long-range view of developments and operations. Here is the rub, the cause for red faces in the highest reaches of the military establishment: it has produced no strategic thinker of any note since Admiral Alfred Thayer Mahan, c. 1890. Strategic writings and debates of the past 25 years, such as they have existed in military circles, have contained more description than analysis, more rancor and special pleading than systematic thought. Each service has shown persistent preoccupation with its own point of view—the Army has proselytized for land warfare, the Navy for aircraft carriers, the Air Force for strategic air power. Meanwhile, larger questions of strategy have gone unanswered.

The negligible military contribution to strategic thought is difficult to explain. Some observers say it grows from preoccupation with weaponry itself and a corresponding neglect of theories about its use. Some blame the military bureaucracy for stifling strategic thought—by its nature often controversial—by forcing ideas to trickle upward through innumerable reviews, ad hoc committees, approvals, and security classifications. Others say there should be more

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professional military journals as outlets for strategic thought. Noting that many officers who have written about strategy are products of civilian graduate schooling, still other critics shake a finger at the war colleges for developing supporting casts rather than star strategists. The fault, of course, lies more in the nature of the military man and the realities of getting ahead in the services than with any single culprit. But if anything is to be done about improving the level of military thought, a good place to begin is at the war colleges.

The nation's taxpayers might expect that war colleges would at a minimum impart some ability to learn from the past and anticipate the future. War colleges do indeed say they prepare officers to deal with "the complex situations of the future." But too often they have taught the wrong things at the wrong time. The accent is on problems presumed to be of immediate military importance. There is a veritable fetish for the latest "top secret" data and job-oriented information, with scant regard for philosophical underpinnings, historical precedent, or any elusive, untidy concept. In a 1972 study of Army officer education, Major General Frank W. Norris called inadequate exploitation of history a major weakness:

We have fought three major wars in the last 30 years (excluding the Dominican Republic) and these wars are the most accurately and comprehensively documented actions in military history; yet we have failed to utilize this resource in our schools.

The war colleges awakened slowly to the dawn of the nuclear age, and failed to anticipate strategy debates on deterrence and limited war. In the early 1950s, when the current top brass were matriculating, the bi-polar conflict finally came into its own in the war college curriculum. An Air

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University publication of the era asked, "How Could the U. S. S. R.'s Heartland Be Smashed?" The answer eliminated land invasion, carrier-based aircraft, and pilotless aircraft, and concluded that only "nuclear-armed, land-based, long-range aircraft" could do the job.

But it was in the 1960s that this slowness to respond to the issues became most evident and most tragic. The Army War College, which throughout its history has maintained intimate liaison with the Army general staff, is a case in point. Student theses, which had to be approved by the school, reveal many topics of interest to the Army, plus one that was not—Vietnam.

The figures tell the story: each class wrote from 150 to 200 papers, approximately one per student. In 1961 only two specifically concerned Vietnam. The next year there were four papers, the following year six. In 1964 the number dropped to five, then escalated to eight in 1965, the year that heavy U. S. involvement in Vietnam began. Still, in 1966 students produced only 17 papers about Vietnam, out of 221 total (some officers wrote two theses that year), and about two dozen in 1967, out of 276. The generals-to-be continued to doze at their desks until 1968, when about 65 papers on the subject emerged from a total of 455. Vietnam appeared in some of the other theses, which covered a wide range of subjects including counterinsurgency, but the argument still holds. If the country was worth fighting about, it was worth writing an entire paper about. In 1968 when studies of Vietnam finally became modish, the titles did not reassure: "The War In Vietnam: What Do We Do Now?" and "Vietnam—Where To From Here?". Looking ahead, one paper asked, "What Happens After Vietnam?" and another, "Korea, Our Next Vietnam?" A strategist predicting the crises of the future could do no better than examine the overlooked topics of today. Even in 1967 and 1968, with the war going full blast, some officers attending the Army War College said it taught little or nothing about Vietnam. All of this might even be amusing were the consequences not so serious.

During the years when Vietnam was such a sleeper, what did command attention at the war colleges? The Army fretted about its role in space, atomic battlefields, and the proper management of a military career. Air War College students were busy writing justifications of strategic air power. Both displayed some interest in counterinsurgency, particularly after President Kennedy's order in 1961 to expand the Special Forces by 150 per cent, over loud Army objections. In 1963 counterinsurgency became a distinct part of the Army War College curriculum, but still there were few papers about Vietnam either from the tactical or strategic standpoint. Elsewhere in the Army, a general writing in 1964 said then-current Army tactics differed little from those of World War II. And an officer who attended the Command and General Staff College the same year learned not counterinsurgency operations, but how to maneuver armies across China.

A military board reviewing Army officer education in 1966 found that the Army was vastly overstocked with nuclear weapons specialists—"prefix-5" qualified officers in military parlance. In some of the strongest language of its 875-page report, the board, headed by then-Lt. Gen. Ralph E. Haines, complained that the Army had trained three-and-a-half times as many specialists as were needed. As an illustration of over-emphasis on nuclear training, the board cited a Nuclear Weapons Orientation advanced course, offered ten times yearly at Sandia Base, New Mexico, to a total of 1,000 senior officers and civilians. It and a smiliar course at Dugway Proving Ground, Utah, which features a live demonstration of a lethal chemical attack, were traditional favorites of the brass. The Haines board found that most Army officers attending

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both courses had little need to know the information presented, and it recommended cutting Army quotas for both in half. The interest in prefix-5 courses stemmed largely from a belief that they hastened a man toward generalcy.

This history of misplaced emphasis suggests that while generals fiddled with nuclear weapons, Vietnam burned. It suggests that politicians and the disagreeable, draft-card-burning public are not totally at fault for the early Vietnam victory that never materialized. It suggests a paucity of advance strategic and tactical thinking about Vietnam and a possibility that some mistakes could have been made on paper at the war colleges instead of in blood on the battlefield.

The Sheepskin Assault

When Robert McNamara took the Pentagon by storm in 1961, he brought with him the "Whiz Kids." These tough civilian thinkers, who were part of McNamara's plot to control the Pentagon through systems analysis and sheer brain power, were typified by Ivy League credentials, advanced professional degrees, and, too often, a contempt for those who lacked the same pedigrees. When they arrived, only about 65 per cent of commissioned officers held college degrees. As late as 1966, 20 per cent of Air Force generals and five per cent of Army generals and Navy admirals had not finished college. Although the services had sponsored civilian graduate education for officers, particularly engineers, since 1867, advanced degrees usually guaranteed little more than specialized assignments and eventual retirement as a colonel. Although officer graduates began taking graduate courses with an eye toward post-retirement jobs, there remained within the services a vague distrust of intellectualism, a feeling that it was not necessary for high military command. This attitude prompted one general to ask: "What were the university degrees of Dwight Eisenhower, Omar Bradley, George Patton, Douglas MacArthur, Matthew Ridgway, and Maxwell Taylor? Yet who would say they were not superbly educated men?"

The general made a good point, for he judged these men on their military performance and on self-education, a cherished custom in the pre-war service. But the modern major generals felt they had been treated badly by the Whiz Kids, and in many cases their performance was not impressive. Egos badly gored, the officers reacted in proper soldierly fashion. They retreated, regrouped, and returned to the fray waving new weapons: sheepskins. Efforts were undertaken to raise overall educational levels and to keep trained officers in the service. Today, for example, West Point cadets leave the academy bearing promises that they can spend more time in post-graduate study than the average Doctor of Philosophy.

Recently a Blue Ribbon Defense Panel reported that between 1956 and

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1967, the proportion of college graduates among commissioned officers in all the services rose from 55 to 73 per cent. In 1972 the Army began requiring that all commissioned officers have bachelor's degrees and that one-fifth earn advanced degrees. Holders of advanced degrees will, of course, comprise the elite. Army officers following the promotion returns were quick to notice that 77 per cent of the new brigadier generals in 1971 had a master's, doctoral, or professional degree.

Lengthening Shadows

In the current sheepskin sweepstakes, officers are earning two, three, and even four master's degrees. They do so primarily in quest of advancement, not knowledge. Status degrees include political science, international relations, behavioral sciences, and other fields which enhance promotability. At the same time, there is a collective reluctance to study chemistry, physics, biological sciences, and engineering. Such fields require three- or four-year "utilization" tours, which, officers feel, remove them from the competitive mainstream for too long. Instead, they prefer the war college degree programs, which entail no such tours.

In terms of schools, Ivy League degrees rank highest in prestige, and an officer with a Harvard diploma holds a passport to Nirvana. During the mid-1960s there was a veritable land rush to study under Henry Kissinger at Harvard. One can imagine, therefore, the chagrin when in 1971 Chairman F. Edward Hebert of the House Armed Services Committee tried unsuccessfully to stop the services from patronizing universities that had dropped ROTC. Harvard was Hebert's number one target because it was collecting half a million dollars in fees each year for the 160 officers in attendance. Other schools threatened were Yale, Columbia, Princeton, and Stanford. The services expressed dismay about restrictions, and Hebert said, "I'm concerned too. I'd like to hear them sing that poof-and-poof song."

The continuing threat of a blacklist is powerful leverage: in fiscal year 1969 the services spent over $70 million to send 4,200 officers to graduate school. In 1971 the Army alone spent $10-12 million on more than 1,400 officers who were earning advanced degrees. The program, moreover, is expanding. There is competition between the Army and Air Force to collect the greatest number of degrees. A symbol of the "new learning" reposes in the Air Force Academy library, which houses in its special collections room Ph.D. theses written by its graduates bound in gold leaf covers; the masters' theses are bound in silver. It is a far cry from the days when the prevailing Air Force attitude was: "If we need a Ph.D., we can always fly one in."

The rising degree levels reflect a feeling, conscious or not, that officers had better catch up with their egghead civilian colleagues, and that the best place to do this is at civilian universities, not war colleges. For many years war colleges were the traditional training ground for generals. Graduates emerged believing that they were qualified to wield quasi-political and military power, to serve as assistant to the Henry Kissinger of the day. But the war college weaknesses, the embarrassments over strategy, the blind spots on Vietnam, the humiliating confrontations with the Whiz Kids, all indicate that the schools produce men whose faith outweighs their abilities, and whose professional military competence leaves much to be desired. The failures and the misplaced emphasis cast shadows not only on the war colleges, but on military leadership. And when the public is served its daily diet of mismanagement, cost overruns, weapons that do not work, scandals and waste, tactical errors, body counts, massacres, cover-ups of massacres, mutinies and desertions, the shadows lengthen. ■

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MORAL MYOPIA:

Michael Straight, Jack Anderson, The New York Review and The Washington Monthly

by James Fallows

In its July-August issue, this magazine published a "Tidbits and Outrages" item about Leonard Garment and Michael Straight. In its entirety, it read as follows:

"Leonard Garment has from the early days of this Administration been the White House's man in charge of the arts. Michael Straight works under him as deputy chairman of the National Endowment of the Arts. From 1969 until last month, Mr. Straight had arranged for Mr. Garment to rent a 17-acre Fairfax County estate, which includes two ponds, a red brick colonial house, a barn, and a caretaker's house, for $275 a month. This story has appeared in both *The Washington Post* and *The Washington Star-News*, without one word in either to suggest any impropriety, even though this tidy arrangement saved Garment about $25,000 in rent since 1969. Had a less wealthy government official showered his boss with such largesse, it would be a major scandal. But when the culprit was someone as socially prominent as Straight, it was all seen as the kind gesture of a friend."

Several days after the article appeared, Michael Straight called us on the phone. What he said then he repeated shortly afterwards in a letter: that he expected an immediate apology and, failing one, that he would "seek legal advice as to my next steps." He enclosed a copy of a letter he had written to Richard Rovere, chairman of *The Washington Monthly*'s editorial advisory board, in which he expressed "disgust and outrage" at being characterized as a "culprit."

In the following days Straight wrote to other members of the advisory board, including Russell Baker and James David Barber, and to Jay Rockefeller, who has invested in the magazine. Some of Straight's friends complained directly to us. One of them was Gilbert Harrison, editor of *The New Republic*. Harrison's letter, which is printed in full in the "Let-

James Fallows is an editor of The Washington Monthly.

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ters" section of this issue, concluded by saying that we had "done a shameful thing to a man whose entire career shines with honor and with disinterested service to the public good."

Harrison also said that the whole affair was a prime example of the "moral myopia" which we, in a series of articles, have pointed out in others. For reasons different from Harrison's, I agree that the episode offers an opportunity for a lesson about "moral myopia." Telling the "story behind the story" is, in general, one of journalism's less charming attributes, involving as it so often does revelations on the *All the President's Men* scale, without the intrinsic interest of that adventure. In this instance, however, it may be worth making an exception. The Michael Straight story—how we treated it, the response that followed—tells a great deal about both journalistic ethics and perceptions of official morality.

Our purpose in publishing the original item was not to defame Michael Straight, but to point out what seemed to us a serious sin of omission by the press. To understand what we were getting at, it may be helpful to provide some background: Michael Straight, now 58 years old, has long been a prominent figure in Washington's social scene. He was born in America but raised in England after his father, a diplomat, died at the end of the First World War. He was educated at Cambridge and the London School of Economics, and began his Washington career in 1937, when he was 21 years old, as a researcher and writer for the Departments of Interior and State. In 1940 he became Washington editor of *The New Republic*, which his mother's family had established 25 years before. He spent three years in the Air Force during the war; later, he returned to the magazine to succeed Henry Wallace as its editor. In the post-war years he was national chairman of the American Veterans Committee, and since then has held such positions as chairman of the board of Amnesty International of the U. S., vice chairman of the National Repertory Theater, and co-chairman of the Legal Defense Fund of the NAACP.

After leaving *The New Republic* in the late 1950s, Straight devoted his time to writing novels and non-fiction books. Then, in November 1969, the Nixon Administration appointed him deputy director of the National Endowment for the Arts.

Three months earlier, in August, both *The Washington Post* and *The New York Times* had reported that Straight was the Administration's choice to become director of the Endowment. Straight now claims that the reports of his selection were inaccurate; in any case, they caused such a protest among Republican senators that the Administration soon found a Republican nominee, Nancy Hanks, who is still director.

When the *Post* reported the rumor, society columnist Maxine Cheshire printed the following information: "Michael Straight is the Democrat who has been picked by the Nixon Administration to replace Roger Stevens, who was fired by the Nixon Administration as chairman of the National Council of the Arts because he was a Democrat.* A friend called the Watergate Hotel here to find out where to send Straight a congratulatory telegram. The forwarding address given was in care of Mudge, Rose, Guthrie & Alexander. That is President Nixon's old firm. Straight is one of their richest clients."

Mudge, Rose was also Leonard Garment's old firm. Straight and Garment became friends during the 1960s when Garment handled Straight's legal business, which was considerable, since it included family philanthropies set up by the Whitney fortune Straight inherited on his mother's side.

*The National Council is an advisory group to the National Endowment. Traditionally the director of one has been the director of the other, so this report implied that Straight would become director of the Endowment as well.

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Diana Walker

Without knowing any more about the case, these circumstances should have suggested several possibilities to anyone who read the newspaper story about Leonard Garment's rent. One, of course, was that Straight had been the best qualified man for the job, and that the deal on the house was nothing more than the kind gesture of a friend.

The other possibility, though only a possibility, was that Straight and Garment were using that classic vehicle for the exchange of favors, the lawyer-client relationship. In Congress and in state legislatures, votes are occasionally bought with money under the table; but when one of the parties is a lawyer, a more elegant alternative exists. In exchange for a favor from the lawyer-legislator, his client can arrange for him to get a nice piece of legal business—often through deals so complicated and involving so many third and fourth parties—that it is hard to tell exactly what is going on. If I were to assume that this second possibility was the correct one, my guess would be that the rental arrangement was a mere sweetener to a deal in which the main element was something else—Garment's assumption that he could hold onto Straight's legal business when he returned to Mudge, Rose, and Straight's knowledge, conscious or unconscious, that the house and the legal business guaranteed him the job.

Asking the Right Questions

The facts as presented in the newspapers would not prove either alternative. But one need only imagine that congressmen and paving contractors were involved in a similar relationship to understand how quickly the press and public would perceive an *apparent* conflict of interest and start asking questions. When people like Straight and Garment were involved, no one even suggested that the second possibility might exist. And that was why

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we ran the item—to illustrate the double standard of moral accountability. We did not mean to imply that the most cynical view of the situation was necessarily the correct one. To the extent that the word "culprit" suggested that we had leapt to that conclusion, we should not have used it.

Because the angry response to the item dealt with the substance of the relationship and not its suspicious appearance, we have tried to investigate the matter further. On the one hand, we found a further strand in the connection between Straight and the Administration that we had not known about before: Straight, who had not contributed to the 1968 Nixon campaign, made two $1,000 contributions in 1972. There are two possible explanations for this: one, that he was trying to keep his job (Roger Stevens was fired for contributing to Hubert Humphrey's campaign), and, two, that Straight believed in the Nixon Administration.

On the other hand, a good deal of evidence about the rent arrangement came down on Michael Straight's side. The residence in question is Green Springs Farm, an 18th-century estate which Straight bought in 1942 and where he lived until 1965. The 17 acres we mentioned were only part of the Straight property; another 14 acres adjoined them and fronted on a major road. There were two factual errors in our report: relying upon the newspaper stories, we said that the rental property included the caretaker's house, which it did not, and that Garment rented all 17 acres, when in fact he rented only six. These six, however, included the buildings and were worth some $250,000 of the estate's $400,000 total value. It might also be mentioned that Straight never corrected the erroneous reporting in the *Post* and *Star-News*, whose stories appeared several months before our item.

When he moved off the farm in 1965 and first rented it to a tenant, Straight charged $250 per month, even lower than Garment's $275. He has two explanations for setting the rent so low. One is that Straight retained full rights to enter and use the land, including its stables and tennis court. The second is that he was in the middle of complicated negotiations about the farm with the Fairfax county government. As the area around the farm became more and more built-up, Straight concluded that it was impractical to leave the whole farm property intact and undeveloped. He wanted to preserve the historic farm and the 17 acres which surrounded it, but he also wanted to sell the 14-acre parcel to a purchaser who planned to develop it. The sale depended on a re-zoning from the county board, which it was reluctant to give. Although Straight contends that, if necessary, he could have sued the county board for a re-zoning and won, a tacit exchange was arranged: Straight donated the 17 acres to the county for historic preservation, and the county granted the re-zoning.

Garment took up residence at the farm while negotiations were still going on. In order to keep the title clear for transfer, Straight gave Garment a lease that was terminable on 30 days' notice any time after the first month. "He understood that the property might be transferred to the county within weeks of his occupancy, and that there was no assurance that the county would permit him to continue to live in the house," Straight wrote in a letter. Later he said in an interview, "I would have had difficulty finding an arms-length tenant to accept the lease on those terms." The transfer went through in 1970, and Garment remained there until this year.

Where does this leave us? By every account, Straight is a man of great personal honor, and there is nothing here to contradict that. Leonard Garment, too, is a respectable man; he pulled off the remarkable feat of living at Richard Nixon's right hand during the Watergate years while keeping his personal reputation intact. At

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the same time, without impugning Garment's genuine friendship with Straight, one can point out that good relations with Straight have been profitable for Garment. Apart from the legal business, there is the savings on the home. If Garment were to rent a $250,000 property on the open market, he would expect to pay close to $20,000 each year in rent, instead of $3,300. Even if he were looking for something more modest, he could hardly escape for less than $700 a month for a place befitting his social and professional standing. That would be $8,400 per year, or, over the course of five years, about $25,500 more than he paid for the farm.

Parallels to Straight

The significance of the Straight item is how closely the reaction it provoked parallels the reaction to five other articles we have published in the last year. All of these articles were out of the mainstream of normal political reporting; they had in common that they focused not on the traditional public figures of the government, who are the accustomed fair game of the press, but on organizations and individuals who in one way or another are part of a private, more respectable world. One article concerned the dean of the Harvard Medical School, Dr. Robert Ebert, and his relation with the Squibb Pharmaceutical Company. Another, the network of friendships and business relations in the New York publishing world, which often meant that friends wound up reviewing friends' books in journals (especially *The New York Review of Books*) allied with friendly publishing houses. Another article was on the staff of the Senate Watergate committee and its reaction to "leaks" from its own members. Still another examined a public-interest group in the South, the Southern Regional Council, and the way it administered the foundation grants it received. Most recently, we discussed Jack Anderson's handling of the Eagleton case.

Once you leave the clearly charted waters of political conduct, there is a tremendous peril in publishing anything that purports to discuss morality, as these articles did, because it sets you up for a terrible fall. Russell Baker has expressed the peril well: "Making moral judgments in the absence of blatant offense is a theological business, and unless a publication is able to document offenses with incontrovertible evidence, it tends to put itself into the position of appearing preachy and unduly superior."

We are aware of that danger and hate to court it. It seemed to us, however, that the danger is freely enough courted by reporters who write about defense contractors, the highway lobby, and politicians in general, and that there are two important reasons for applying the same standards to those who belong to a less suspect social set. The first reason is that the failings which reach grotesque and easily identifiable proportions in a Richard Nixon or a Harold Geneen often have their subtle analogues among "good" people as well. The Watergate committee was almost a parody of this situation, interrupting its study of Nixon and the leak-haters so that it could launch a witch-hunt against its own leaker. Another example was *The New York Review of Books*: although it is as high-quality a journal as is published in this country, several of its leading figures showed themselves insensitive to apparent conflicts of interest which—had they involved the congressman and the contractor—would have been cause for immediate suspicion.

The second reason is that while most of the people we wrote about do not actually hold public office, their activities involve considerable amounts of financial, social, and professional power. The Southern Regional Council controls the lion's share of non-government money for social action in the South. While the New York literary alliances are, relatively speaking, playing for modest

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financial stakes, for the individual author they represent a potentially powerful star-making machine. The Harvard Medical School has something to do with the ethical tone of the profession as a whole. And so on. Another way of saying it is this: if reporters selected their stories solely on the magnitude of financial or social effect, then some subjects like the Southern Regional Council and Dr. Ebert's arrangement would take precedence over some traditional governmental exposes. (Morton Mintz of *The Washington Post* did, in fact, write about Dr. Ebert before our story came out.)

Thin Skins

Among them, these five or six stories have generated at least 90 per cent of the angry responses this magazine has received. It is significant that, of the subjects, the only one to respond with some moderation was Jack Anderson. While Anderson is perhaps the most "famous" member of the group, he is also, in a sense, the least "respectable." He lacks those qualities which, in varying proportion, insulate the others from questions about apparent conflict of interest: social prominence, membership in a respected profession, and, in some cases, personal wealth.

Anderson's response, printed in the "Letters" section of this issue, is interesting because while he was a target this time, he is far more often accuser. His own writing, which is fearless in taking on the respectable wrong-doers, but which sometimes does so in an unsophisticated, non-classy way, is an illustration of why other writers hesitate to go after the respectable targets. Jack Anderson's reputation may be all right for Jack Anderson, but someone who hopes to write in the highbrow magazines or be accepted as a peer by those he writes about may be afraid of being lumped in the muckraker category.

In contrast to Anderson, most of the people who are possessed of those qualities of wealth, respectability, and social prominence, react to questions with indignation that the inquiry has been undertaken at all. *The New York Review* case was the most extreme example. To the reasonable observer, the facts of the *New York Review*-Random House relationship were enough to create, at a minimum, the appearance of a conflict of interest. In 1968, for example, when Random House was buying disproportionate amounts of advertising in the *Review*, and when Jason Epstein was known to be a major influence at both institutions, 23 per cent of the books singled out for individual review were from Random House. That was more than Viking, Grove Press, Holt, Harper & Row, Houghton Mifflin, Oxford, Doubleday, Macmillan, Harvard, and Princeton combined, although those 10 houses published six times as many books as Random House that year. Half the essays in the *Review* that year were by Random House authors, as were 25 per cent of the reviews.

Just as in Michael Straight's case, one possible explanation for these facts is that they were an honest coincidence. If they were, the circumstances were so wild that those involved should at least have expected others to ask questions. If it had been the Epstein Paving Co., with the boss's wife on the board of commissioners (Barbara Epstein is co-editor of the *Review*) and juicy contracts coming its way, it would not have taken reporters long to start inquiring. But when Jason Epstein replied, he did not address one bit of the evidence. Instead, he rolled out the big names to indicate the poor taste of our questions: "Do you really think that W. H. Auden, I. F. Stone, Stephen Spender, V. S. Pritchett, Christopher Lasch, and so on (who are all Random House authors and writers for the *Review*) are involved in a literary fraud manipulated by me? . . . Do you understand how deeply your article insults those writers?"

In the world of politics, honesty, and the appearance of honesty, have

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Memo of the Month

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
Region 9

DATE: March 1, 1974

REPLY TO ATTN OF: Buildings Manager

SUBJECT: Women's Rest Room Signs - United States Courthouse

Honorable Richard H. Chambers, Chief Judge
U.S. Court of Appeals for the Ninth Circuit
Suite 602, Lawyer's Title Building
199 North Stone
Tucson, Arizona, 85701

Mr. William Sanders, our Maintenance & Operations Foreman has referred a memorandum which he received from you dated February 26, 1974, concerning the subject signs. I must inform you that we cannot permit such to be installed.

The reason for our action is that advertising the location of these toilet rooms would increase our security risk to an unacceptable level. Actually, we are trying to exclude the general public from the courtroom areas, unless of course, they have business there. Our Federal Protective Service concurs in our decision to avoid advertising the location of toilet rooms to the general public. I am sure you agree that our mission to provide security to all the judges especially, and to the entire facility, overrides any responsibility we might have to provide rest room facilities for the public. In this light, it our intention to provide adequate toilet facilities for all our tenants and their clients. We will not risk the security of them, in order to provide comfort facilities for the general public and particularly the undesirables which we have all observed in the U.S. Courthouse from time to time.

Glenroy Ryan

GLENROY RYAN
Buildings Manager
Tucson Field Office

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become issues of almost suffocating importance, and to find such insensitivity to appearance among our "finer" people indicates a quite literal double standard.

In recommending a greater willingness to ask and be open, there are three things I definitely do not mean. One is that an individual's rights to privacy and reputation are things of no consequence, which may be carelessly abused in print. It is probably true, as Henry Kissinger demonstrated in his famous Salzburg outburst, that too much stress is placed on maintaining an absolutely blotless record—on being free from all criticism, rather than taking criticism, answering it, and coming out ahead. Nonetheless, journalists have a duty to ask questions but not fling accusations.

Second, I do not mean that all of us, press and public, should become compulsively cynical about motives and arrangements. As it turns out, automatic cynicism has long been the trademark of one of the worst sorts of political writing—that which identifies every Pentagon employee as a war criminal and all congressmen as pork-barreling simpletons. This view of the world overlooks the cultural and personal complications that also shape behavior—just as the journalist's normal view of the respectable world emphasizes personal qualities to the exclusion of analysis. We get an alternation between extremes, never better illustrated than in Mary McCarthy's recent book on the war, *The Seventeenth Degree*. She refers in the abstract to American officials as tools of brutality and imperialism. But when she deals with a few old friends in the government, notably Ambassador Chip Bohlen, she treats them only as friends, rather than applying any political analysis. A measure of both is called for—more humanity for the bureaucrats, tougher standards for the friends.

Finally, the lesson of Michael Straight, et al., is not that one should automatically avoid all relationships where the appearance might raise questions. Unless you are the Pope, it can be just as foolish to be inflexible about who you associate with and what you do as it is to lack any sensitivity to questionable appearances. To take one example from this magazine's experience, a few years back one of our investors called with a hot tip for a story, an expose of how the famous Boys' Town in Nebraska was being run. We said yes, it sounds like a good idea—and never did anything with it. Everyone knew it might be a good story, but nobody wanted to be the one who followed up *the investor's* story. Shortly afterwards a newspaper looked at Boys' Town and won a Pulitzer for what it found.

In one of his recent columns, Art Buchwald hit this attitude right on the head. He explained to his wife why they couldn't accept the Fords' invitation to go dancing at the White House: "I believe someone in the Ford Administration has it in for me. Can't you see what this will do for me? If we go to that dinner, it will be reported in the press. Everyone will say I've gone in the bag for the President. My credibility as a tough, hard-driving, investigative reporter will be destroyed. People will pick up the column and say, 'I wonder what the freeloader has to say about Mr. Ford today.' There is no way anyone can be objective after he's danced with the President's wife."

The solution is not to stay away from the White House or refuse to rent your house to Leonard Garment any more than the solution to "dirty politics" is for politicians to refuse all contributions. What the politician should be willing to do is accept whatever contributions he's willing to answer questions about, and let the facts speak for themselves. The rest of us should feel free to enter arrangements we know are right, as long as we are willing to answer tough questions about suspicious appearances. Only if we are not willing to do that, as some people have proven they are not, must we be dogmatic about appearances. ■

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political book notes

Public affairs books to be published in October.

Adlai: The Springfield Years. Patricia Harris. Aurora, $7.95.

Advice and Dissent: Scientists in the Political Arena. Joel Primack, Frank von Hippel. Basic, $12.95.

The Benchwarmers: The Private World of the Powerful Federal Judges. Joseph C. Goulden. Weybright & Talley, $12.50. Goulden is a talented reporter with a self-defeating tendency toward just enough laziness in research and shallowness in thought to keep him from doing the consistently important work of which he is capable. But this book has one marvelous chapter on the Chicago judiciary which exposes the indifference of not only the Daley machine but of Kennedy and Johnson—and even the sainted Paul Douglas—to the quality of their judicial appointments.

Black Neighborhoods: An Assessment of Community Power. Donald I. Warren. Univ. of Michigan, $9.

California Water: A Study in Resource Management. David Seckler, ed. Univ. of California, $5.95.

Cold War America. Lawrence S. Wittner. Praeger, $12.50.

The Drive for Power. Arnold A. Hutschnecker. M. Evans, $7.95.

Expendable Americans. Paul Brodeur. Viking, $8.95/2.95.

For All Mankind: America's Space Programs of the 1970s and Beyond. L. B. Taylor, Jr. Dutton, $8.95.

The Generals. Maureen Mylander. Dial. An adapted excerpt appears in this issue of *The Washington Monthly*.

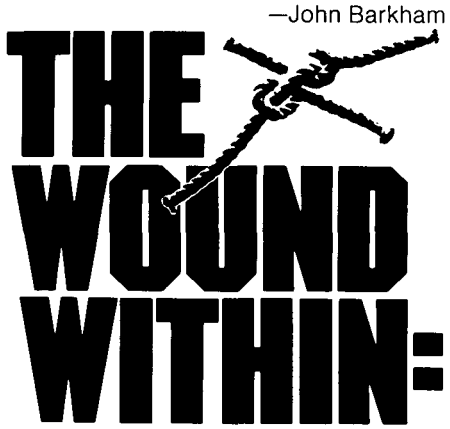
The Gerald Ford Letters. Robert Winter-Berger. Lyle Stuart, $7.95. The book tells us far more about the values of Winter-Berger and his publisher, Lyle Stuart, than it does about Ford. Note the tasteful way Stuart handled Richard Wels, who complained that he was defamed by Winter-Berger's first book, *The Washington Pay-Off*: "One month later, Lyle Stuart wrote his next guest column for *Screw*. . . . He talked about Wels, whom he jestingly labeled Welsinki. He spoke about the sexual proclivities of Wels' wife and eldest daugher. It was very effective ridicule." Nothing in the book adds to Winter-Berger's testimony against Ford during his confirmation hearings. Most of the letters are of the "many, many thanks for your most generous contribution to the Republican Congressional Boosters Club" variety. But even these reflected Gerald Ford's bad judgment in being indebted to someone like Winter-Berger.

Highway Robbery: An Analysis of the Gasoline Crisis. Fred C. Allvine, James M. Patterson. Indiana, $10.

The Money Motive. Thomas Wiseman. Random House, $7.95. An ambitious and generally intriguing explanation of how and why money lures us on—disappointing only because whenver analysis is called for, Wiseman hands out undigested Freud to explain what he could have explained better himself.

Nixon's Good Deed: Welfare Reform. Vincent J. and Vee Burke. Columbia Univ., $8.95. A straight-forward account of the attempt to institute a guaranteed income through Nixon's family assistance plan. The Burke's just as passionately advocate a feder-

The Vietnam experience, and particularly its effects at home, is appraised in the larger context of American foreign policy and domestic politics since 1945. "Between these covers are our misguided yesterdays — and we had better remember them." —John Barkham



America in the Vietnam Years, 1945-1974
ALEXANDER KENDRICK
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ally guaranteed income program as Daniel Moynihan did in his *The Politics of a Guaranteed Income*. The two accounts generally agree on most points, although *Nixon's Good Deed* suffers from an over-reliance on HEW bureaucrats as sources. The Burke's tend to overemphasize the importance of the bureaucratic planning and underestimate political maneuvering and personal conflicts. They agree with Moynihan's condemnation of the liberals who backed away from the program. In addition a new villain emerges—Wilbur Cohen, Johnson's last Secretary of HEW, who comes across as an intellectually dishonest incrementalist.

No Final Victories: A Life in Politics from John F. Kennedy to Watergate. Lawrence F. O'Brien. Doubleday, $12.50.

Notes on the Old System: To Transform American Politics. Marcus Raskin. McKay, $6.95/2.95. An important thinker grapples with important themes, but the result is disappointing in its vagueness.

Nuclear Navy, 1946-1962. Richard G. Hewlett, Francis Duncan. Univ. of Chicago, $12.50.

On Doing Time. Morton Sobell. Scribner's, $8.95.

On High Steel: The Education of an Ironworker. Mike Cherry. Quadrangle, $7.95.

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On the Street. John L. Kelly, Richardson R. Mathison. Regnery, $7.95.

Peace in the Middle East: Reflections on Justice and Nationhood. Noam Chomsky. Pantheon, $7.95/1.95. Like his views on Vietnam, Chomsky's proposals for the Middle East (which involve a better deal for the Palestinians), contain a germ of wisdom. But, like his writings on the war this book is tedious, repetitious, and prone to an oversimplified view of motives personal and national.

The Palace Guard. Dan Rather, Gary Paul Gates. Harper & Row, $8.95.

The Politician Primeval. Edgar Berman. Macmillan, $6.95. The apparent purpose of this book by a Hubert Humphrey crony is to argue that the political drive is inherent in all organisms. The prose is so over-written that the points of most of Berman's arguments get lost in the verbal fog.

The President Is Calling. Milton Eisenhower. Doubleday. Ike's brother worked for eight Presidents. From six of them he received significant assignments. This lengthy account of his experience is only moderately interesting in terms of its insight and contribution to history, but it is consistently beguiling in its revelation of the author as a genuinely attractive man who combines many of the best traits in the American character.

The Presidential Campaign: The Leadership Selection Process After Watergate. Stephen Hess. Brookings, $2.50. An intelligent, but unoriginal, look at presidential campaigns in the wake of Watergate. At times Hess provides such startling revelations as: "Television. . . is a visual medium." But mixed in are a few astute observations such as Hess's notion that the need to produce a vast number of position papers in a presidential campaign creates "a sort of Gresham's Law: the peripheral tends to push out what is the central, and nothing gets very much attention. . . ."

Progressivism in America. Arthur A. Ekirch, Jr. New Viewpoints, $9.95/4.95.

Racial Conflict and the American Mayor. Charles H. Levine. Lexington.

The Real America: A Surprising Examination of the State of the Union. Ben J. Wattenberg. Doubleday, $10.

The Sea Change. H. Stuart Hughes. Harper & Row, $10.

Serving Justice: A Supreme Court Clerk's View. J. Harvie Wilkinson III. Charterhouse, $7.95. Informative though exceedingly reverent view of life on the Court by a young Virginian who was one of Lewis Powell's first clerks.

Shaping the News: How the Media Function

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in Today's World. M. L. Stein. Pocket Books, $1.25.

The Screwing of the Average Man. David Hapgood. Doubleday, $7.95. A chapter from this book begins on page 35.

The Spoiled System: A Call For the Reform of the Civil Service. Robert Vaughn. Charterhouse, $12.95.

A Strategy for the Future: The Systems Approach to World Order. Ervin Laszlo. Braziller, $8.95/3.00.

A Symposium on Friedman's Theoretical Framework. Essays by Milton Friedman, et al. Univ. of Chicago, $7.95.

Taking Sides: A Personal View of America from Kennedy to Nixon to Kennedy Richard J. Whalen. Houghton Mifflin, $8.95.

Tales of ITT: An Insider's Report. Thomas S. Burns. Houghton Mifflin. Good insiders' reports on our major industries are rare, and ITT should be especially rich territory. But the author, who left ITT after working at a doomed project and observing the San Diego convention shenanigans, has written a shallow narrative in the Mickey Spillane style. To believe Burns, half of ITT's staff spends its time ogling secretaries (who are always "miniskirted") or hopping from bar to bar (where, of course, "the cocktail flag was flying"). There are a few nice bits about Harold Geneen, Dita Beard, and Rep. Bob Wilson, but looking for them is teeth-gritting, hard work.

Up Against Daley. Joe Mathewson. Open Court, $9.95.

War and Presidential Power: A Chronicle of Congressional Surrender. Thomas F. Eagleton. Liveright, $8.95.

The Washington Game. William Wright. Saturday Review, $7.95.

The Working Class Majority. Andrew Levison. Coward, McCann & Geoghegan, $8.95. This is a well-done restatement of the age-old leftist dream—most prominently and repeatedly expressed by Michael Harrington and the self-styled "democratic left"—that the working class can lead the revolution. Times have changed, though, and Levison goes to great lengths to reassure us that, contrary to reports of their demise, blue collar workers still constitute a majority. They are a bit more progressive than the middle class and are discontented with the shape of their lives. While this is a welcome antodote to the indulgent enthusiasm of the post-industrial society advocates, one wonders why he needed an entire book to tell us this less than astonishing news, when a good magazine article, as the *New Yorker* condensation of his book shows, would do the job better.

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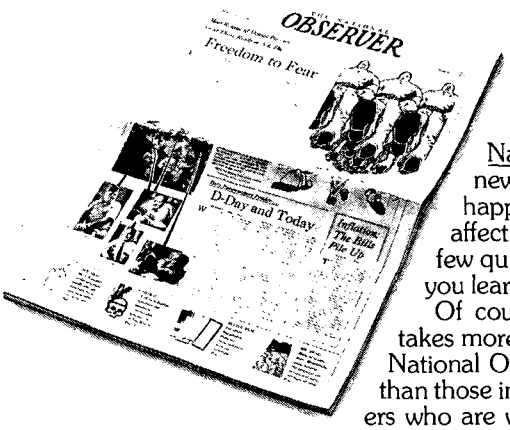

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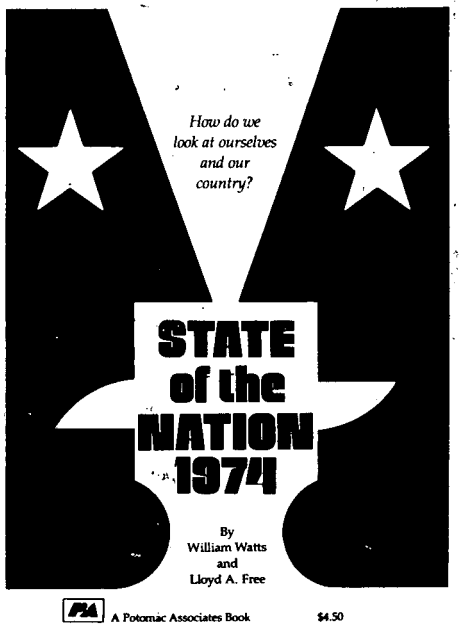

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